PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 491 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2008–2009

COMPRISING PERIOD
20 April 2009—30 April 2009

HER MAJESTY'S GOVERNMENT

MEMBERS OF THE CABINET

(Formed by the Rt. Hon. Gordon Brown, MP, June 2007)

Prime Minister, First Lord of the Treasury and Minister for the Civil Service—The Rt. Hon. Gordon Brown, MP
Chancellor of the Exchequer—The Rt. Hon. Alistair Darling, MP
Secretary of State for Foreign and Commonwealth Affairs—The Rt. Hon. David Miliband, MP
Secretary of State for Justice and Lord Chancellor—The Rt. Hon. Jack Straw, MP
Secretary of State for the Home Department—The Rt. Hon. Jacqui Smith, MP
Secretary of State for Health—The Rt. Hon. Alan Johnson, MP
Secretary of State for Business, Enterprise and Regulatory Reform—The Rt. Hon. The Lord Mandelson
Secretary of State for Environment, Food and Rural Affairs—The Rt. Hon. Hilary Benn, MP
Secretary of State for International Development—The Rt. Hon. Douglas Alexander, MP
Secretary of State for Defence—The Rt. Hon. John Hutton, MP
Leader of the House of Commons, Lord Privy Seal and Minister for Women and Equality—The Rt. Hon. Harriet Harman, QC, MP
Secretary of State for Communities and Local Government—The Rt. Hon. Hazel Blears, MP
Secretary of State for Transport—The Rt. Hon. Geoffrey Hoon, MP
Secretary of State for Children, Schools and Families—The Rt. Hon. Ed Balls, MP
Secretary of State for Energy and Climate Change—The Rt. Hon. Edward Miliband, MP
Secretary of State for Work and Pensions—The Rt. Hon. James Purnell, MP
Secretary of State for Northern Ireland—The Rt. Hon. Shaun Woodward, MP
Leader of the House of Lords and Lord President of the Council—The Rt. Hon. The Baroness Royall of Blaisdon
Secretary of State for Culture, Media and Sport—The Rt. Hon. Andy Burnham, MP
Secretary of State for Innovation, Universities and Skills—The Rt. Hon. John Denham, MP
Chief Secretary to the Treasury—The Rt. Hon. Yvette Cooper, MP
Secretary of State for Wales— The Rt. Hon. Paul Murphy, MP
Secretary of State for Scotland—The Rt. Hon. Jim Murphy, MP

DEPARTMENTS OF STATE AND MINISTERS

Business, Enterprise and Regulatory Reform—

Secretary of State—The Rt. Hon. The Lord Mandelson

Ministers of State—
Minister for Employment Relations and Postal Affairs—The Rt. Hon. Pat McFadden, MP
Minister for Trade, Development and Consumer Affairs—Gareth Thomas, MP
Minister for Trade and Investment—The Lord Davies of Abersoch, CBE

Parliamentary Under-Secretaries of State—
The Baroness Vadera
Ian Pearson, MP
The Lord Carter of Barnes, CBE

Cabinet Office—

Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster— The Rt. Hon. Liam Byrne, MP

Minister of State—
Minister for the Olympics (Paymaster General)—The Rt. Hon. Tessa Jowell, MP

Parliamentary Secretaries—
Tom Watson, MP
Kevin Brennan, MP
The Baroness Vadera

Children, Schools and Families—

Secretary of State—The Rt. Hon. Ed Balls, MP

Ministers of State—
Minister for Schools and Learners—The Rt. Hon. Jim Knight, MP
Minister for Children, Young People and Families (Minister for the North West)—The Rt. Hon. Beverley Hughes, MP*

Parliamentary Under-Secretaries of State—
The Baroness Morgan of Drefelin
Sarah McCarthy-Fry, MP

Communities and Local Government—

SECRETARY OF STATE—The Rt. Hon. Hazel Blears, MP

MINISTERS OF STATE—
Minister for Local Government—The Rt. Hon. John Healey, MP
Minister for Housing—The Rt. Hon. Margaret Beckett, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Baroness Andrews, OBE
Iain Wright, MP
Sadiq Khan, MP

Culture, Media and Sport—

SECRETARY OF STATE—The Rt. Hon. Andy Burnham, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Barbara Follett, MP (Minister for the East of England)*
Gerry Sutcliffe, MP
The Lord Carter of Barnes, CBE

Defence—

SECRETARY OF STATE—The Rt. Hon. John Hutton, MP

MINISTER OF STATE—
Minister for the Armed Forces—The Rt. Hon. Bob Ainsworth, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Rt. Hon. The Baroness Taylor of Bolton
Quentin Davies, MP
Kevan Jones, MP

Energy and Climate Change—

SECRETARY OF STATE—The Rt. Hon. Edward Miliband, MP

MINISTERS OF STATE—
Mike O'Brien, QC, MP
The Lord Hunt of Kings Heath, OBE

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Joan Ruddock, MP

Environment, Food and Rural Affairs—

SECRETARY OF STATE—The Rt. Hon. Hilary Benn, MP

MINISTERS OF STATE—
The Rt. Hon. Jane Kennedy, MP
The Lord Hunt of Kings Heath, OBE

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Huw Irranca-Davies, MP

Foreign and Commonwealth Affairs—

SECRETARY OF STATE—The Rt. Hon. David Miliband, MP

MINISTERS OF STATE—
Minister for Europe—The Rt. Hon. Caroline Flint, MP
Minister for Africa, Asia and the UN—The Rt. Hon. The Lord Malloch-Brown, KCMG
Bill Rammell, MP
Minister for Trade and Investment—The Lord Davies of Abersoch, CBE

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Gillian Merron, MP

Government Equalities Office—

MINISTER FOR WOMEN AND EQUALITY—The Rt. Hon. Harriet Harman, QC, MP

PARLIAMENTARY SECRETARY—Maria Eagle, MP

Health—

SECRETARY OF STATE—The Rt. Hon. Alan Johnson, MP

MINISTERS OF STATE—
The Rt. Hon. Dawn Primarolo, MP
Ben Bradshaw, MP (Minister for the South West)*
Phil Hope, MP (Minister for the East Midlands)*

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Darzi of Denham, KBE
Ann Keen, MP

Home Office—

SECRETARY OF STATE—The Rt. Hon. Jacqui Smith, MP

MINISTERS OF STATE—
Minister for Borders and Immigration—Phil Woolas, MP
Minister for Security, Counter-Terrorism, Crime and Policing—Vernon Coaker, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Admiral The Lord West of Spithead, GCB DSC
Meg Hillier, MP
Alan Campbell, MP
Shahid Malik, MP

Innovation, Universities and Skills—
SECRETARY OF STATE—The Rt. Hon. John Denham, MP
MINISTERS OF STATE—
The Rt. Hon. David Lammy, MP
The Rt. Hon. The Lord Drayson
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Siôn Simon, MP
The Lord Young of Norwood Green

International Development—
SECRETARY OF STATE—The Rt. Hon. Douglas Alexander, MP
MINISTER OF STATE—Gareth Thomas, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Ivan Lewis, MP
Michael Foster, MP

Justice—
SECRETARY OF STATE—The Rt. Hon. Jack Straw, MP
MINISTERS OF STATE—
The Rt. Hon. David Hanson, MP
The Rt. Hon. Michael Wills, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Bridget Prentice, MP
Maria Eagle, MP
The Lord Bach
Shahid Malik, MP

Law Officers' Department—
ATTORNEY-GENERAL—The Rt. Hon. The Baroness Scotland of Asthal, QC
SOLICITOR-GENERAL—Vera Baird, QC, MP
ADVOCATE-GENERAL FOR SCOTLAND—The Lord Davidson of Glen Cova, QC

Leader of the House of Commons—
LEADER OF THE HOUSE OF COMMONS, LORD PRIVY SEAL AND MINISTER FOR WOMEN AND EQUALITY—The Rt. Hon. Harriet Harman, QC, MP
DEPUTY LEADER OF THE HOUSE OF COMMONS—Chris Bryant, MP

Northern Ireland—
SECRETARY OF STATE—The Rt. Hon. Shaun Woodward, MP
MINISTER OF STATE—
Paul Goggins, MP

Privy Council Office—
LORD PRESIDENT OF THE COUNCIL AND LEADER OF THE HOUSE OF LORDS—The Rt. Hon. The Baroness Royall of Blaisdon

Scotland Office—
SECRETARY OF STATE—The Rt. Hon. Jim Murphy, MP
PARLIAMENTARY UNDER-SECRETARY OF STATE—
Ann McKechin, MP

Transport—
SECRETARY OF STATE—The Rt. Hon. Geoffrey Hoon, MP
MINISTER OF STATE—
The Lord Adonis
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Jim Fitzpatrick, MP
Paul Clark, MP

Treasury—
PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE—The Rt. Hon. Gordon Brown, MP
CHANCELLOR OF THE EXCHEQUER—The Rt. Hon. Alistair Darling, MP
CHIEF SECRETARY—The Rt. Hon. Yvette Cooper, MP
FINANCIAL SECRETARY—The Rt. Hon. Stephen Timms, MP
EXCHEQUER SECRETARY—Angela Eagle, MP
ECONOMIC SECRETARY—Ian Pearson, MP
PARLIAMENTARY SECRETARY—The Rt. Hon. Nicholas Brown, MP (Minister for the North East)*
MINISTER OF STATE—Phil Woolas, MP
FINANCIAL SERVICES SECRETARY—The Lord Myners, CBE

LORDS COMMISSIONERS—
Frank Roy, MP
Steve McCabe, MP
Dave Watts, MP
Tony Cunningham, MP
Bob Blizzard, MP

ASSISTANT WHIPS—
Ms Diana R. Johnson, MP
Mark Tami, MP
Ms Dawn Butler, MP
Helen Goodman, MP
Helen Jones, MP
Ian Lucas, MP
Ian Austin, MP (Minister for the West Midlands)*
Barbara Keeley, MP
Chris Mole, MP

Wales Office—

SECRETARY OF STATE—The Rt. Hon. Paul Murphy, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Wayne David, MP

Work and Pensions—

SECRETARY OF STATE—The Rt. Hon. James Purnell, MP

MINISTERS OF STATE—
Minister for Employment and Welfare Reform—The Rt. Hon. Tony McNulty, MP (Minister for London)*
Minister for Pensions and the Ageing Society—The Rt. Hon. Rosie Winterton, MP (Minister for Yorkshire and the Humber)*

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Jonathan Shaw, MP (Minister for the South East)*
Kitty Ussher, MP
The Lord McKenzie of Luton

Her Majesty's Household—

LORD CHAMBERLAIN—The Rt. Hon. The Earl Peel, GCVO, DL

LORD STEWARD—The Duke of Abercorn, KG

MASTER OF THE HORSE—The Lord Vestey

TREASURER—The Rt. Hon. Thomas McAvoy, MP

COMPTROLLER—The Rt. Hon. John Spellar, MP

VICE-CHAMBERLAIN—Claire Ward, MP

CAPTAIN OF THE HONOURABLE CORPS OF GENTLEMEN-AT-ARMS—The Lord Bassam of Brighton

CAPTAIN OF THE QUEEN'S BODYGUARD OF THE YEOMEN OF THE GUARD—The Rt. Hon. The Lord Davies of Oldham

LORDS IN WAITING—The Lord Bach, The Lord Tunnicliffe, The Lord Young of Norwood Green, The Lord Patel of Bradford, The Lord Brett

BARONESSES IN WAITING—The Baroness Farrington of Ribbleton, The Baroness Thornton

**Regional Ministers. Full list:*

Ministers for the English Regions—
Ian Austin, MP (Minister for the West Midlands)
Ben Bradshaw, MP (Minister for the South West)
The Rt. Hon. Nicholas Brown, MP (Minister for the North East)
Barbara Follett, MP (Minister for the East of England)
Phil Hope, MP (Minister for the East Midlands)
The Rt. Hon. Beverley Hughes, MP (Minister for the North West)
The Rt. Hon. Tony McNulty, MP (Minister for London)
Jonathan Shaw, MP (Minister for the South East)
The Rt. Hon. Rosie Winterton, MP (Minister for Yorkshire and the Humber)

SECOND CHURCH ESTATES COMMISSIONER, REPRESENTING CHURCH COMMISSIONERS—Sir Stuart Bell, MP

HOUSE OF COMMONS

THE SPEAKER—The Rt. Hon. Michael J. Martin, MP

CHAIRMAN OF WAYS AND MEANS—The Rt. Hon. Sir Alan Haselhurst, MP

FIRST DEPUTY CHAIRMAN OF WAYS AND MEANS—Sylvia Heal, MP

SECOND DEPUTY CHAIRMAN OF WAYS AND MEANS—Sir Michael Lord, MP

CHAIRMEN'S PANEL

Mr. David Amess, MP, Janet Anderson, MP, Mr. Peter Atkinson, MP, Hugh Bayley, MP, Miss Anne Begg, MP, Mr. Joe Benton, MP, John Bercow, MP, Mr. Clive Betts, MP, Sir John Butterfill, MP, Mr. Martin Caton, MP, Mr. Christopher Chope, MP, Frank Cook, MP, John Cummings, MP, Mrs. Janet Dean, MP, Christopher Fraser, MP, Mr. Roger Gale, MP, Mr. Mike Hancock, MP, Mr. Jim Hood, MP, Mrs. Joan Humble, MP, Mr. Eric Illsley, MP, Mr. Martyn Jones, MP, Robert Key, MP, Dr. William McCrea, MP, Mr. Eric Martlew, MP, Mr. Edward O'Hara, MP, Mr. Bill Olner, MP, Mr. Greg Pope, MP, Bob Russell, MP, Jim Sheridan, MP, Mr. Gary Streeter, MP, David Taylor, MP, Joan Walley, MP, Mr. Mike Weir, MP, Hywel Williams, MP, Mr. David Wilshire, MP, Ann Winterton, MP, Sir Nicholas Winterton, MP

HOUSE OF COMMONS COMMISSION

The Rt. Hon. The Speaker (Chairman), Sir Stuart Bell, MP, Alan Duncan, MP, The Rt. Hon. Harriet Harman, QC, MP, Nick Harvey, MP, The Rt. Hon. David Maclean, MP

SECRETARY OF THE COMMISSION—Dorian Gerhold

ASSISTANT SECRETARY—Jenny McCullough

ADMINISTRATION ESTIMATE AUDIT COMMITTEE

Alan Duncan, MP (Chairman), Clive Betts, MP, Nick Harvey, MP, Alex Jablonowski, Sir Thomas Legg, KCB, QC, David Taylor, FCA

SECRETARY OF THE AUDIT COMMITTEE—Hannah Weston, PhD

MANAGEMENT BOARD

Malcolm Jack, PhD (Chief Executive), Douglas Millar, CB (Director General, Chamber and Committee Services), John Pullinger (Director General, Information Services), Andrew Walker (Director General, Resources), John Borley, CB (Director General, Facilities), Joan Miller (Director of Parliamentary ICT) (External Member), Alex Jablonowski (External Member)

SECRETARY OF THE MANAGEMENT BOARD—Philippa Helme

OFFICE OF THE SPEAKER

SPEAKER'S SECRETARY—Angus Sinclair

ASSISTANT SECRETARY TO THE SPEAKER—Peter F. Barratt

TRAINBEARER—Ian Davis

DIARY SECRETARY—Christella Michael

SPEAKER'S COUNSEL—Michael Carpenter

SPEAKER'S CHAPLAIN—Rev. Canon Robert Wright

MEDICAL ADVISER TO THE SPEAKER—Dr. Ron Zeegen, OBE, FRCP, MRCS, DObst, RCOG

PARLIAMENTARY COMMISSIONER FOR STANDARDS

PARLIAMENTARY COMMISSIONER FOR STANDARDS—John Lyon, CB

REGISTRAR OF MEMBERS' INTERESTS—Alda Barry

PARLIAMENTARY SECURITY CO-ORDINATOR

PARLIAMENTARY SECURITY CO-ORDINATOR—Peter Mason

EXECUTIVE OFFICER—Mark Harvey

OFFICE OF THE CHAIRMAN OF WAYS AND MEANS

SECRETARY TO THE CHAIRMAN OF WAYS AND MEANS—Mike Clark

OFFICE OF THE CHIEF EXECUTIVE

HEAD OF OFFICE—Philippa Helme

PRIVATE SECRETARY TO THE CLERK OF THE HOUSE—Hannah Weston, PhD

HEAD OF CENTRAL COMMUNICATIONS—Marianne Cwynarski

COMMUNICATIONS MANAGER—Vasilis Gialias

HEAD OF INTERNAL AUDIT—Paul Dillon-Robinson

DEPARTMENT OF CHAMBER AND COMMITTEE SERVICES

CLERK OF THE HOUSE OF COMMONS—Malcolm Jack, PhD
SECRETARY—Alison Game

CLERK ASSISTANT'S DIRECTORATE

CLERK ASSISTANT AND DIRECTOR GENERAL—Douglas Millar, CB
PERSONAL ASSISTANT—Michelle Edney
DIRECTOR OF DEPARTMENTAL SERVICES—Colin Lee

Journal Office—

CLERK OF THE JOURNALS—Andrew Kennon
Lynn Gardner, PhD, James Davies, Sarah Hartwell-Naguib, Sara Howe (Clerk of Public Petitions)
PROCEDURE COMMITTEE: CLERKS—Lynn Gardner, PhD, Sara Howe
STANDARDS AND PRIVILEGES COMMITTEE: CLERKS—Steve Priestley, Sarah Hartwell-Naguib

Overseas Office—

PRINCIPAL CLERK—Mark Hutton
DELEGATION SECRETARIES—Geoffrey Farrar, Libby Preston
INWARD VISITS MANAGER—Susan Pamphlett

Table Office—

PRINCIPAL CLERK—Jacqy Sharpe
Nick Walker, Jessica Mulley, Nick Wright, Martyn Atkins, Jenny McCullough, Karen Saunders, Lynn Lewis (Editorial Supervisor of the Vote)

Vote Office and Parliamentary Bookshop—

DELIVERER OF THE VOTE—Catherine Fogarty
DEPUTY DELIVERERS OF THE VOTE—Owen Sweeney (Parliamentary), Jo Pitt (Production)
PARLIAMENTARY BOOKSHOP MANAGER—Sheila Mitchell

COMMITTEE DIRECTORATE

Committee Office—

CLERK OF COMMITTEES—David Natzler
CLERK OF DOMESTIC COMMITTEES—Dorian Gerhold
PRINCIPAL CLERKS OF SELECT COMMITTEES—Robert Wilson, Paul Evans, Crispin Poyser
BUSINESS MANAGER—Kevin Candy
OPERATIONS MANAGER—Jackie Recardo

Departmental Select Committees—

BUSINESS, ENTERPRISE AND REGULATORY REFORM: CLERKS—Eve Samson, Libby Davidson
CHILDREN, SCHOOLS AND FAMILIES: CLERKS—Kenneth Fox, Sarah Thatcher
COMMUNITIES AND LOCAL GOVERNMENT: CLERKS—Huw Yardley, Andrew Griffiths
CULTURE, MEDIA AND SPORT: CLERKS—Tracey Garratty, Martin Gaunt
DEFENCE: CLERKS—Mike Hennessy, Richard Ward
ENERGY AND CLIMATE CHANGE: CLERKS—Tom Goldsmith, Robert Cope
ENVIRONMENT, FOOD AND RURAL AFFAIRS: CLERK—Richard Cooke
FOREIGN AFFAIRS: CLERKS—Robin James, PhD, Ed Waller, PhD
HEALTH: CLERKS—David Harrison, PhD, Adrian Jenner
HOME AFFAIRS: CLERKS—Elizabeth Flood, Eliot Barrass
INNOVATION, UNIVERSITIES AND SKILLS: CLERKS—Sarah Davies, Glen McKee
INTERNATIONAL DEVELOPMENT: CLERKS—Carol Oxborough, Ben Williams
JUSTICE: CLERKS—Fergus Reid, Rebecca Davies, PhD
NORTHERN IRELAND AFFAIRS: CLERKS—David Weir, Georgina Holmes-Skelton
SCOTTISH AFFAIRS: CLERKS—Nerys Welfoot, Georgina Holmes-Skelton
TRANSPORT: CLERKS—Annette Toft, Jyoti Chandola
TREASURY: CLERKS—John Benger, PhD, Sian Woodward
WELSH AFFAIRS: CLERKS—Susan Griffiths, PhD, Georgina Holmes-Skelton
WORK AND PENSIONS: CLERKS—James Rhys, Emma Graham

Domestic Committees—

ADMINISTRATION: CLERKS—Kate Emms, Rhiannon Hollis
FINANCE AND SERVICES: CLERK—Dorian Gerhold
MEMBERS' ALLOWANCES: CLERK—Dorian Gerhold

Other Committees—

ARMS EXPORT CONTROLS: CLERK—Nerys Welfoot
ENVIRONMENTAL AUDIT: CLERKS—Gordon Clarke, Anne-Marie Griffiths
LIAISON: CLERKS—David Natzler, Robert Wilson
MODERNISATION OF THE HOUSE OF COMMONS: CLERK—David Natzler
PUBLIC ACCOUNTS: CLERK—Mark Etherton
PUBLIC ADMINISTRATION: CLERKS—Steven Mark, David Slater
REGIONALS: CLERK—David Lloyd
SCRUTINY UNIT: HEAD OF UNIT—Matthew Hamlyn
DEPUTY HEAD OF UNIT (FINANCE)—Simon Fiander
DEPUTY HEAD OF UNIT (LEGISLATION)—Emily Commander

LEGISLATION DIRECTORATE

CLERK OF LEGISLATION—Robert Rogers
CLERK OF BILLS, EXAMINER OF PETITIONS FOR PRIVATE BILLS AND TAXING OFFICER—Liam Laurence Smyth
CLERK OF DELEGATED LEGISLATION—Simon Patrick
PUBLIC BILL OFFICE—Alan Sandall, Chris Stanton, Chris Shaw, Gosia McBride, Eliot Wilson, Mark Oxborough
PRIVATE BILL OFFICE—Mick Hillyard

Committees—

CHAIRMEN'S PANEL: SECRETARY—Liam Laurence Smyth
JOINT COMMITTEE ON CONSOLIDATION, &C., BILLS: COMMONS CLERK—Gosia McBride
COURT OF REFEREES: CLERK—Liam Laurence Smyth
SELECTION: CLERK—Mick Hillyard
STANDING ORDERS, UNOPPOSED BILLS: CLERK—Mike Clark
EUROPEAN SCRUTINY COMMITTEE: CLERKS—Alistair Doherty, Laura Dance
CLERK ADVISERS—David Griffiths, Terry Byrne, Sir Edward Osmotherly CB, Peter Harborne
JOINT COMMITTEE ON HUMAN RIGHTS: COMMONS CLERK—Mark Egan, PhD
REGULATORY REFORM: CLERK—John Whatley
JOINT COMMITTEE ON STATUTORY INSTRUMENTS: COMMONS CLERK—John Whatley
NATIONAL PARLIAMENT REPRESENTATIVE, BRUSSELS—Libby Davidson
DEPUTY NATIONAL PARLIAMENT REPRESENTATIVE, BRUSSELS—Graham Ziegner

OFFICIAL REPORT DIRECTORATE

EDITOR—Lorraine Sutherland
DEPUTY EDITOR (HOUSE)—Vivian Widgery
DEPUTY EDITOR (COMMITTEES)—Alex Newton
MANAGING EDITORS—Paul Hadlow, Clare Hanly, Deborah Jones, Ann Street, Jill Davies, Jon Prawer, Vivien Wilson, Jack Homer, Ross Gunby
SUB-EDITORS—Eira Gregory, Kate Myers, Juliet Levy, Victoria Hart, Ken Gall, Tony Minichiello, Emma Brazier, Paul Kirby, Adele Dodd, Nick Beech, David Hampton, Jez Oates, Barry Geall, Jonathan Hoare, Portia Dadley, Elaine Harrison
SENIOR REPORTERS—Emily Morris, Patricia Hill, Mayah Weinberg, Richard Wildman, Bran Jones, Jude Wheway, Felicity Reardon, Paul Underhill, Angus Andrews, Joanna Lipkowska, Saul Minaee, Richard Purnell, Jim Barr, Cara Clark, Ian Oakhill, Steve Habberley (Acting)
LEARNING AND DEVELOPMENT OFFICER—Jon Prawer
HEAD OF ADMINISTRATION—Stephen O'Riordan
SENIOR HANSARD ADMINISTRATORS—John Brake, Brian Harrison
HANSARD PRODUCTION MANAGER—Stuart Miller

SERJEANT AT ARMS DIRECTORATE

SERJEANT AT ARMS—Jill Pay
DEPUTY SERJEANT AT ARMS—Mike Naworynsky, OBE
ASSISTANT SERJEANT AT ARMS—Lawrence Ward
CLERK IN CHARGE—Helen Agnew
ADMISSION ORDER OFFICE—Sylvia Warren, MBE
PRINCIPAL DOORKEEPER—Graham Dear, MBE
PASS OFFICE MANAGERS—Linda Downton, Hannah Evans

LEGAL SERVICES OFFICE

SPEAKER'S COUNSEL—Michael Carpenter
COUNSEL—Peter Davis (Legislation), Paul Hardy (European Legislation)
DEPUTY COUNSEL—Peter Brooksbank, Christine Cogger, Megan Forbes
ASSISTANT COUNSEL—Gunnar Beck, Veronica Daly, Helen Emes
DIRECTOR OF BROADCASTING—Tim Jeffes
SHORTHAND WRITER TO THE HOUSE—Janet Littlewood

DEPARTMENT OF INFORMATION SERVICES

DIRECTOR GENERAL/LIBRARIAN—John Pullinger
DIRECTOR OF SERVICE DELIVERY—Rob Clements
DIRECTOR OF DEPARTMENTAL SERVICES—Betty McInnes

RESEARCH AND INFORMATION SERVICES FOR MEMBERS DIRECTORATE

DIRECTOR OF RESEARCH SERVICES—Vacancy
DIRECTOR OF INFORMATION SERVICES FOR MEMBERS—Bob Twigger

Business and Transport—
HEAD OF SECTION—Tim Edmonds
LIBRARY CLERKS—Louise Butcher, Vincent Keter, John Marshall, Antony Seely, Djuna Thurley

Economic Policy and Statistics—
HEAD OF SECTION—Bryn Morgan
LIBRARY CLERKS—Grahame Allen, Daniel Harari, Edward Potton, Ian Townsend, Dominic Webb,

Home Affairs—
HEAD OF SECTION—Pat Strickland
LIBRARY CLERKS—Sally Almandras, Sally Broadbridge, Lorraine Conway, Grahame Danby, Catherine Fairbairn, Alexander Horne, Philip Ward, PhD, John Woodhouse

International Affairs and Defence—
HEAD OF SECTION—Vaughne Miller
LIBRARY CLERKS—Stephen Jones, Jon Lunn, DPhil, Claire Taylor, Arabella Thorp,
SENIOR LIBRARY EXECUTIVES—Emma Clark, Julia Keddie

Parliament and Constitution Centre—
HEAD OF SECTION—Oonagh Gay
LIBRARY CLERKS—Richard Kelly, Lucinda Maer, Keith Parry, Isobel White

Reference Services—
HEAD OF SECTION—Dora Clark
LIBRARY CLERKS—Helen Holden, Mark Sandford
SENIOR EXECUTIVE OFFICERS—Amina Gual, John Prince
DEPOSITED PAPERS & RESOURCE MANAGER—Greg Howard

Science and Environment—
HEAD OF SECTION—Christopher Barclay
LIBRARY CLERKS—Elena Ares, Gavin Colthart, Donna Gore, PhD, Ben Smith, Louise Smith, Edward White

Social and General Statistics—
HEAD OF SECTION—Richard Cracknell
LIBRARY CLERKS—Gavin Berman, Paul Bolton, Richard Groat, Rachael Harker, Adam Mellows-Facer, Gavin Thompson

Social Policy—
HEAD OF SECTION—Christine Gillie
LIBRARY CLERKS—Manjit Gheera, Susan Hubble, Steven Kennedy, Robert Long, Tom Powell, Nerys Roberts, Jo Roll, Wendy Wilson

PUBLIC INFORMATION DIRECTORATE

DIRECTOR OF PUBLIC INFORMATION—Aileen Walker

House of Commons Information Office—
HEAD OF OFFICE—Stephen McGinness

Education Service—
HEAD OF EDUCATION SERVICE—Tom O'Leary

Parliamentary Outreach Programme—
HEAD OF OUTREACH PROGRAMME—Clare Cowan

Central Tours Office—
VISITOR SERVICES MANAGER—Victor Launert

INFORMATION MANAGEMENT DIRECTORATE

DIRECTOR OF INFORMATION MANAGEMENT—Edward Wood
HEAD OF INDEXING & DATA MANAGEMENT SECTION (IDMS)—Catherine Meredith
HEAD OF LIBRARY RESOURCES SECTION—Katharine Marke
CURATOR OF WORKS OF ART—Malcolm Hay
HEAD OF KNOWLEDGE & INFORMATION MANAGEMENT—Katharine Schopflin
INTRANET EDITOR—Liz Moody

Web Centre—
HEAD OF SECTION—Tracy Green

Media & Communications Service—
MEDIA AND COMMUNICATIONS ADVISER—Liz Parratt

Parliamentary Office of Science & Technology (POST)—
DIRECTOR—Professor David Cope

Business Management—
DEPARTMENTAL BUSINESS MANAGER—Sally Marshall

Spire Programme—
SPIRE PROGRAMME DIRECTOR—Helen Wood

DEPARTMENT OF RESOURCES

Director's Office—
DIRECTOR GENERAL OF RESOURCES—Andrew Walker
DIRECTOR OF STRATEGIC PROJECTS—Paul Silk
PROJECT DIRECTOR—Harun Musho'd
ASSISTANT TO DIRECTOR GENERAL—Tara Cullen
PERSONAL ASSISTANT TO DIRECTOR GENERAL & DIRECTOR OF BUSINESS MANAGEMENT AND DEVELOPMENT—Yvonne Carson
EXECUTIVE SUPPORT OFFICER/PERSONAL ASSISTANT TO DIRECTOR OF OPERATIONS—Melanie Faulkner

OPERATIONS DIRECTORATE

DIRECTOR OF OPERATIONS—Terry Bird
ASSISTANT DIRECTOR OF OPERATIONS/HEAD OF POLICY—Chris Sear
ASSISTANT DIRECTORS OF OPERATIONS—Joanne Blake, Gill Crowther
HEAD OF COMMUNICATIONS ALLOWANCE—Georgina Jessiman

Enquiry and Advice Team and Validation—
HEAD OF THE ENQUIRIES AND VALIDATION TEAM—Dan Gorman

Policy and Quality Assurance Team—
HEAD OF QUALITY ASSURANCE—Guy Turner

Payroll and Payment Control Team—
HEAD OF PAYROLL AND PAYMENT CONTROL—Debbie McGuire/Siobhan Chalmers

Information Rights and Information Security Services (IRIS)—
HEAD OF IRIS—Bob Castle
DATA SECURITY REVIEW MANAGER—Vacancy

Pensions Unit —
HEAD OF PENSIONS— Jimmy Walker

Members' Advisory Service and Members' Personnel Advice Service (PAS) —
SENIOR HR MANAGER—Dapo Coker

Safety, Health and Wellbeing—
HEAD OF SAFETY, HEALTH AND WELLBEING—Marianne McDougall
MEDICAL ADVISERS—Dr. David Murray-Bruce, Dr. Mary Sherry
CONSULTANT OCCUPATIONAL HEALTH PHYSICIAN—Dr. Ira Madan
HEALTH AND SAFETY ADVISER—Elizabeth Cameron
GROUP SAFETY CO-ORDINATOR—Hannah Baldwin
PRACTICE NURSE—Karen St. Cyr
OCCUPATIONAL HEALTH AND WELFARE MANAGER—Anne Mossop

HUMAN RESOURCE MANAGEMENT DIRECTORATE

DIRECTOR OF HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT—Heather Bryson
HEAD OF PAY AND REWARD POLICY AND EMPLOYEE RELATIONS—Reg Perry
SENIOR HR MANAGER—James Bigwood
HEAD OF CORPORATE LEARNING AND DIVERSITY—Patricia Macaulay-Fraser
ORGANISATIONAL DEVELOPMENT AND STAFF REVIEW—Susan Craig

Trade Union Side—
TRADE UNION SIDE ADMINISTRATORS—Sandra Deakins, Denise Eltringham

FINANCIAL MANAGEMENT DIRECTORATE

DIRECTOR OF FINANCIAL MANAGEMENT—Christopher Ridley
HEAD OF FINANCIAL PLANNING—Anthony Hindley
FINANCIAL CONTROLLER—Julia Routledge
CORPORATE ACCOUNTANT—Debra Shirtcliffe
SYSTEMS ACCOUNTANT—Colin Lewis

COMMERCIAL SERVICES DIRECTORATE

DIRECTOR OF COMMERCIAL SERVICES—Bonnie Mohan
DIRECTOR OF PROCUREMENT—Kevin Treeby
DEPUTY DIRECTOR OF PROCUREMENT—Sue Cunningham

BUSINESS MANAGEMENT DIRECTORATE

DIRECTOR OF BUSINESS MANAGEMENT AND DEVELOPMENT—Janet Rissen
DEPARTMENTAL BUSINESS MANAGER—Andy Vallins
PROJECT DIRECTOR—Colin Cornish
HEAD OF HR AND DEVELOPMENT—Paul Mann

DEPARTMENT OF FACILITIES

DIRECTOR GENERAL—John Borley, CB, MA, CEng
EXECUTIVE OFFICER—Martin Trott
COMMUNICATIONS OFFICER—Liz Crotty
DIRECTOR OF FINANCE—Philip Collins
DIRECTOR OF BUSINESS MANAGEMENT—John Greenaway
HEAD OF HUMAN RESOURCES —Johan van den Broek

PARLIAMENTARY ESTATES DIRECTORATE

PARLIAMENTARY DIRECTOR OF ESTATES—Mel Barlex, BSc, MBA, MCR, MRICS, MBIFM
DEPUTY DIRECTOR & HEAD OF PROJECTS—Christine Sillis, MBA, DipBldgCons, FRICS
HEAD OF DIRECTOR'S OFFICE—John Patterson, DPhil
HEAD OF MAINTENANCE OPERATIONS—Lester Benjamin, BEng, CEng, MCIBS
HEAD OF PROGRAMME & PLANNING MANAGEMENT—Steve Beck
HEAD OF FIRE, SAFETY & ENVIRONMENT—Charlotte Simmonds
FIRE SAFETY MANAGER—David Kaye, GIFireE
PRINCIPAL, INTERIOR DESIGN AND FURNISHING—Tori Reeve, CPGS
PRINCIPAL ARCHITECT—Adam Watrobski
PRINCIPAL ESTATES MANAGER—Andrew Makepeace
PRINCIPAL ENGINEER—Keith Gregory, BTech, CEng, MCIBSE
PRINCIPAL SURVEYOR—Jon Prew, BSc, MIStrucE, MAPM
PALACE MAINTENANCE MANAGER—Mike McCann, MSc, BEng, CEng, MInstE
MAINTENANCE MANAGER (HOUSE OF LORDS)—Mike Combes
OUTBUILDINGS MAINTENANCE MANAGER—Len Thorogood
SERVICE MANAGER—Phil Sturgeon, BEng, CEng, MEI
PLANNED MAINTENANCE OFFICE MANAGER—Terry Hawkes, MSc
CRAFT TEAM MANAGER—Alan Sherriff

CATERING AND RETAIL SERVICES

DIRECTOR OF CATERING AND RETAIL SERVICES—Sue Harrison
EXECUTIVE CHEF—Mark Hill
OPERATIONS MANAGER, PALACE OF WESTMINSTER—Robert Gibbs
CATERING MANAGER, TERRACE COMPLEX—Abigail Richmond
FOOD & BEVERAGE MANAGER—Christian Purser
BANQUETING MANAGER—Jason Bonello

ASSISTANT CATERING MANAGER, PRESS COMPLEX—Akua Mensah
OPERATIONS MANAGER, OUTBUILDINGS—Della Herd
CATERING MANAGER, PORTCULLIS HOUSE—Andrew Buckmaster
CATERING MANAGER, 1 PARLIAMENT STREET—James Ellis
CATERING MANAGER, 7 MILLBANK—Nelly Chalil
FINANCE MANAGER—Angela Hook (Temporary)
PURCHASING MANAGER—Antony Avella

ACCOMMODATION SERVICES

DIRECTOR OF ACCOMMODATION SERVICES—James Robertson
ACCOMMODATION MANAGER—Fiona Channon
HEAD OFFICE KEEPER—Brendon Mulvihill
SENIOR OFFICE KEEPERS—Doreen Irving, Noel Kirby, Les Stockwell
CLEANING MANAGER—Carol Hill
EVENTS TEAM LEADER—Jon Greenhalgh
CLOCK TOURS ADMINISTRATOR—Amanda Leck
POSTMASTER—Mark Morrish

PARLIAMENTARY ICT SERVICE (PICT)

DIRECTOR OF PICT—Joan Miller
DIRECTOR OF OPERATIONS AND MEMBER SERVICES—Matthew Taylor
DIRECTOR OF RESOURCES—Elizabeth Honer
DIRECTOR OF TECHNOLOGY—Innis Montgomery
DIRECTOR OF PROGRAMMES AND PROJECT MANAGEMENT—Richard Ware
CUSTOMER SERVICES MANAGER—Steve Judd
MEMBERS' COMPUTING OFFICER (COMMONS)—Peter Beasley
MEMBERS' COMPUTING OFFICER (LORDS)—Loraine Midda
TELECOMMUNICATIONS MANAGER—Caroline Robertson

OTHER PRINCIPAL OFFICERS

CLERK OF THE CROWN IN CHANCERY—Sir Suma Chakrabarti, KCB
COMPTROLLER AND AUDITOR GENERAL—Amyas Morse
PARLIAMENTARY AND HEALTH SERVICE OMBUDSMAN—Ann Abraham

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 491**

SEVENTH VOLUME OF SESSION 2008-2009

House of Commons

Monday 20 April 2009

The House met at half-past Two o'clock

PRAYERS

[Mr. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Lap-dancing Clubs

1. **Lynda Waltho** (Stourbridge) (Lab): How many times temporary event notices have been issued for events organised by lap-dancing clubs in the past 12 months; and if he will make a statement. [269383]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): We do not hold information on the type of temporary event for which a notice is given. Although the Licensing Act 2003 covers the provision of regulated entertainment, it does not censor the content of such entertainment.

Lynda Waltho: I thank my hon. Friend for that answer, although I am disappointed by it. He may or may not be aware that local councils' licensing offices are getting more and more concerned about temporary event notices because they are being used increasingly by lap-dancing clubs, and also bars and pubs; one notice can be applied for per month. One owner of a lap-dancing club told me that the notices would be good for business because he would be able to move his "stable" of girls from venue to venue more often and develop his business. This is a big loophole. Will the Minister meet me and agree to look into that loophole as soon as possible?

Mr. Sutcliffe: Certainly. I appreciate the work that my hon. Friend has been doing on the Policing and Crime Bill and on the issues relating to the proliferation of lap-dancing clubs. There clearly is an issue, although I am not sure that the way to resolve it is through temporary event notices. When my hon. Friend is able to see me, we can have further discussions on how we can look at using the Local Government (Miscellaneous Provisions) Act 1982 and the new Bill to try to prevent the occurrences that she has referred to.

Mr. Mark Field (Cities of London and Westminster) (Con): Given the proliferation of lap-dancing applications throughout the country, is the Minister convinced that the interests of local residents are best served by the new licensing authorities—or by the magistrates courts, which were part of the regime before the 2003 Act came into force?

Mr. Sutcliffe: The 2003 Act is working and powers are available to local authorities and the police to close down premises, including lap-dancing clubs, that are not operating in a proper manner. But there certainly is an issue around lap dancing; that is why it is important that while the Policing and Crime Bill is before the House we seek to strengthen any provisions that would stop the proliferation of such clubs.

Mr. Denis MacShane (Rotherham) (Lab): Is the Minister aware of Newcastle's "Sinners" bar, which is one of these horrible places? Young Newcastle university students went there recently and saw a notice saying "Whoever shows her"—the word begins with t and ends in s—"to bar staff gets a free shot! Girls only!" Will the Minister congratulate Newcastle university students who launched a boycott and a demonstration outside that wretched establishment? One of them, a young lady, said:
"it promotes the degradation of women and binge drinking and I think it's demoralising."

Will the Minister encourage other university students to take on that feminist message? I declare an interest: that young lady was my daughter.

Mr. Sutcliffe: I congratulate my right hon. Friend's daughter and the other Newcastle university students. What he mentioned was clearly irresponsible advertising and it is not what we want to see, particularly where alcohol is concerned. However, the powers are there to deal with irresponsible advertising and with lap-dancing clubs when local people do not want them. If we can strengthen those powers, we will do so.

Mr. Adrian Sanders (Torbay) (LD): Will the Minister please look seriously at the democratic loophole that prevents elected representatives from making representations to the decision maker in respect of temporary event notices? Only the police can make such representations, and only on very narrow grounds.

Mr. Sutcliffe: We have to be careful. Temporary event notices came about at the request of many Back-Bench MPs, who wanted village halls and parent-teacher associations to have the opportunity to put on events for which licensing requirements were in place. More than 120,000 temporary event notices have been granted, and there has been no real trouble. However, during our discussion of the Licensing Bill, we said that if there was a problem we would look at it. If the police feel that events will be inappropriately dealt with, they have the power to stop them. The temporary event notices have been a power for good, not for evil.

Mr. Mark Harper (Forest of Dean) (Con): I should like to pick up the point made by the right hon. Member for Rotherham (Mr. MacShane). Is the Minister aware that there is a little hypocrisy in the Government on the issue? Last year, Jobcentre Plus advertised 351 vacancies in the adult entertainment industry, including for topless and semi-nude bar staff. If the Government are to start looking anywhere to sort the matter out, they had better look at themselves.

Mr. Sutcliffe: I do not want to get into a debate about offers of jobs in the adult entertainment industry—and you would not allow me to, Mr. Speaker. We are here to talk about the Licensing Act 2003, and its provisions dealing with the establishments under discussion. I do not think that there has been any hypocrisy on the part of the Government; we are trying to do our best to make sure that people can pursue what they want to pursue within the framework of the law.

Mr. Tobias Ellwood (Bournemouth, East) (Con): My hon. Friend the Member for Forest of Dean (Mr. Harper) talked about the responsibility and conduct of these establishments. As the Minister will be aware, the so-called designated premises supervisor is legally responsible for the conduct of any pub, club or lap-dancing establishment. However, there is no requirement for that supervisor to be present in his establishment at any time; he can verbally hand over responsibility to an untrained manager with no qualifications. Will the Minister examine whether that is the best way to ensure that pubs, clubs or lap-dancing operations are run properly? The feedback from local authorities with vibrant town centres is that it is not.

Mr. Sutcliffe: Designated door supervisors have been a force for good in the sense of working with establishments, the police and local authorities. I made an enjoyable visit in my Bradford constituency to police on the licensing route late one Friday night, to see at first hand how door supervisors were working. *[Interruption.]* No, lap dancing was not on at that venue that evening. We are trying to ensure that local authorities, the police and the industry are working together in trying to protect the public.

"Digital Britain"

3. **Mr. David Jones** (Clwyd, West) (Con): What recent progress has been made on the "Digital Britain" review. [269385]

The Secretary of State for Culture, Media and Sport (Andy Burnham): Good progress has made been since publication of the "Digital Britain" interim report on 29 January. On 13 March, we published, jointly with the Department for Innovation, Universities and Skills, a discussion paper, "Copyright in a digital world—What role for a Digital Rights Agency?", and on 17 April we held a successful "Digital Britain" summit at the British Library. We remain on course to publish the final report by the summer.

Mr. Jones: As the Secretary of State knows, the interim report proposes a universal service commitment to broadband speeds of a minimum of 2 megabits per second from 2012. However, given that speeds of up to 15 Mbps are regularly available in urban areas, does he acknowledge that that is a very unambitious target that is likely to push rural areas even further behind urban areas by 2012?

Andy Burnham: These are primarily matters for the Secretary of State for Business, Enterprise and Regulatory Reform, but Lord Carter is looking at them closely in the context of the final "Digital Britain" report, and I will ensure that the hon. Gentleman's comments are brought to his attention. In any universal service obligation it is important that all parts of the country are able to benefit; indeed, that is the purpose of such a commitment. It has an historic potential to ensure that, as with postage and telephony, all citizens of this country have access to the highest quality communications infrastructure —and that applies to all parts of the United Kingdom.

Mr. Lindsay Hoyle (Chorley) (Lab): Does my right hon. Friend agree—this was touched on in the Lords Communications Committee report—that contestable funding is needed if we are to fill the gap in relation to public broadcasting and ensure that regional news survives? Has he looked into that, and what will he do to support it and to ensure that it is in the "Digital Britain" report when it is produced in full?

Andy Burnham: I share my hon. Friend's passion for regional news and welcome the determined role that he has played down the years in making the argument for the importance of high-quality, impartial news at a regional level. At this stage, I have had a chance to read only the headline conclusions of the report from the Lords Communications Committee. It makes some interesting observations, and it will be important in

the context of our final considerations on the "Digital Britain" report. In general terms, I agree with him about the crucial importance of regional news. It is vital that the final report comes up with specific proposals to encourage the continuation of high-quality news at not only a regional but a local level.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): In following up the excellent question from the hon. Member for Chorley (Mr. Hoyle), will the Secretary of State take account in the "Digital Britain" review of the fact that this year licence fee income to the BBC is likely to exceed total advertising revenue for commercial television? Does that not strengthen the case for making part of the licence fee available for other public service broadcasting objectives such as regional news, children's television, and supporting Channel 4, as was recommended by the Commons Culture, Media and Sport Committee more than 18 months ago?

Andy Burnham: I always listen very carefully to the Chairman of the Culture, Media and Sport Committee. Last week the hon. Gentleman's Committee made some broader points—although on the more narrow subject of BBC Worldwide—about preserving high-quality public service broadcasting. I would say to him, if I may, that it is a little premature to make assumptions about any supposed surplus in this licence fee period. We are only at the very beginnings of digital switchover. We will not have a clear picture of how the costs of the digital switchover help scheme are panning out until the Winter Hill transmitter for the north-west region is switched over later this year. I do not disagree with the hon. Gentleman's objectives. Of course, Labour Members want to see a strong BBC as well as high-quality provision beyond the BBC. We are working through our final consideration of these issues and we will come forward with clear proposals in the final "Digital Britain" report.

David Taylor (North-West Leicestershire) (Lab/Co-op): Next week we mark the 30th anniversary of black Thursday, when Mrs. Thatcher came to power. In the period—*[Interruption.]* In the period for which she was in power and indeed since, it has been impossible to propose public spending to underpin industrial policy. Will my right hon. Friend comment on the remarks last Friday of that dangerous radical Lord Mandelson, who suggested substantial public investment to provide 50 Mbps broadband so that people, families and businesses in city, urban and rural settings will at long last have something adequate to support their lives and businesses? If Australia can do it on a grander scale, with 100 Mbps broadband and a rather left-of-centre Prime Minister, perhaps we can aspire to something similar.

Andy Burnham: I do not know what event my hon. Friend has planned for next Thursday, but I look forward to receiving an invitation.

This issue is critical not just to the creative industries or TV and broadcasting but to the entire economy. The way in which all businesses operate will be determined by the capability and quality of this country's communications infrastructure. It will determine their productivity and efficiency, as well as how their staff can work in future—whether they can do more home working and whether there can be more opportunity to work flexibly using the highest-quality new technology. This is a matter of the highest order for the country.

Stephen Carter has made his proposal for a universal service obligation for broadband, which, as I said to the hon. Member for Clwyd, West (Mr. Jones) a moment ago, is a significant and historic commitment. Of course, working with private sector partners and other Departments, we want to ensure that we put in place an infrastructure that will set up the whole economy for the future and, crucially, enable all citizens of this country to play their part in the communications revolution.

Mr. Don Foster (Bath) (LD): On Friday the Secretary of State admitted that his Government were playing catch-up on their digital responsibilities. Today we have heard from Members on both sides of the House real concern about the measly proposal for 2 Mbps broadband in this country. As we have heard, many other countries are willing to go to much higher speeds. Given that the Secretary of State has said that the matter is mainly the responsibility of his noble Friend Lord Carter, will he at least tell the House whether he accepts that 2 Mbps broadband for this country is woefully inadequate?

Andy Burnham: These are matters that will be concluded in the final "Digital Britain" report, and I repeat that they are not primarily for me. However, I accept that they are crucial to my Department and the industries that it sponsors. I hear what the hon. Gentleman says, but he would have to acknowledge that a bigger commitment to higher capability for all parts of the country would have significant public spending implications. It is not possible to make the claim for ever greater capacity and capability without recognising that there will be a difficult judgment to be made about the level of public sector investment that we can put in. As I said to my hon. Friend the Member for North-West Leicestershire (David Taylor) a moment ago, this matter is fundamental to how the whole economy and all businesses will operate in future, so the case for investment is overwhelming.

Mr. Edward Vaizey (Wantage) (Con): The future of public service broadcasting is at the heart of the "Digital Britain" review. The executive chairman of ITV has described the Government's decision not to reduce the regulatory burden on ITV as "perverse" and as leaving the channel

"in a curious twilight zone".

Given the Secretary of State's refusal to deregulate, what is his alternative solution to the pressures that ITV is under?

Andy Burnham: The hon. Gentleman is somewhat pre-empting the final discussion on "Digital Britain". We have had discussions with ITV, and I have said on the record that I will take a pragmatic approach to ensuring that it can make the transition from the old media world to the new, as all media businesses are struggling to do.

The hon. Gentleman's comment related to product placement. I know that he favours a relaxation of regulations in that area, but I have said strongly that I believe that British broadcasting has a reputation around the world for integrity, quality and high standards in programme making. Those things should not simply be thrown away because we feel pressure as we move to the future. It is right to say that we should keep what we are known for and good at, which is high-quality programming.

Let us keep the line between editorial and advertising where it should be, so that people know which is which, but at the same time let us face the future pragmatically and help good British businesses keep quality programming at the core of everything that they do.

Minton Archive

5. **Mark Fisher** (Stoke-on-Trent, Central) (Lab): What steps he plans to take to assist the retention of the Minton archive. [269387]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): On 12 March I hosted a meeting, which was attended by interested parties, including my hon. Friend, to discuss the future of the unique artistic and industrial archive and to consider what action might be taken to keep it in Britain, should its new owners, KPS Capital Partners, agree to release it. I have also written to KPS to ask about its plans and I hope to speak to its representatives in the next 24 hours to establish a dialogue. The Government welcome and support in principle any proposals that would keep the archive in its entirety in an appropriate UK collection.

Mark Fisher: I am grateful to the Under-Secretary—I know that she appreciates the importance of the collection and the archive, not only nationally but internationally. With those of Spode and Wedgwood, it is one of the great ceramics industry archives, with all the designs of great designers such as Christopher Dresser. It would be a tragedy if it were broken up, so I urge my hon. Friend to take whatever steps she can to persuade KPS. I believe that the company is well intentioned, but that support and pressure from Her Majesty's Government are needed to stress the extreme importance of keeping the archive together, not only in one piece, as one archive, but in Britain, and especially north Staffordshire.

Barbara Follett: I commend my hon. Friend for the hard work that he and others have put into getting the archive recognised and saved. As Minister for tourism, I recognise its unique value because there is huge interest in our industrial heritage, which we need to exploit. I will work as hard as I can to keep the archive in Britain, especially in north Staffordshire. I know that the Museums, Libraries and Archives Council is working in collaboration with Advantage West Midlands through a small working group to ascertain what can be done.

Sir Patrick Cormack (South Staffordshire) (Con): Could South Staffordshire come to the support of north Staffordshire and express the hope that the incomparably rich archive will be kept in this country? Once it is broken up, that is it for ever. Does the Under-Secretary realise that the matter has genuine parliamentary significance? After all, Minton made the tiles in the Palace.

Barbara Follett: Trust the hon. Gentleman to know such a detail. I commend him for that and his interest in all things artistic—he is an example to us all. I am glad that South Staffordshire is weighing in with north Staffordshire on the matter. We need as much help as possible, and we stand ready to do what we can to save the archive.

Kelvin Hopkins (Luton, North) (Lab): My hon. Friend touched on the wider problem of our industrial heritage in general. I am especially concerned about the motor industry and what might happen, especially in times of economic downturn, such as now. Is there not perhaps a case for giving local authorities more powers to preserve our industrial heritage and provide more resources to museum services to help ensure that we retain such archives in Britain?

Barbara Follett: I understand the concern of my hon. Friend, as one of the Members for Luton. In fact, local authorities have quite wide powers in this area. They also work with the Museums, Libraries and Archives Council, and they have money for that. We have to encourage local authorities to be aware of the value of such matters to local identity and local tourism.

Mr. Hugo Swire (East Devon) (Con): The hon. Lady says rather glibly that local authorities have money for that, but I do not think that anybody has money for anything at the moment. Local authorities would have money to secure archives of such national importance—as well as importance to this House, as we have just heard—by adopting Conservative plans for the national lottery, because those archives are precisely the sort of things that could be secured with lottery funding. It is not too late, but the clock is ticking. Why does the hon. Lady not persuade her right hon. Friend the Secretary of State to adopt our policies for the national lottery?

Barbara Follett: I thank the hon. Gentleman for his suggestion, but I am here to pursue our policies.

Climbing

7. **John Mann** (Bassetlaw) (Lab): What assessment he has made of the effectiveness of his Department's expenditure on climbing in raising participation levels of young people in the sport. [269389]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): No overall assessment of the effectiveness of expenditure on climbing in raising participation levels of young people has been commissioned by my Department. However, the school sport survey demonstrates that mountaineering is offered by 13 per cent. of schools, which is up from 7 per cent. in 2003-04. Climbing is also proving very popular among young people through the Sport Unlimited project, which is managed by Sport England as part of the Government's PE and sport strategy for young people. Nottinghamshire county sports partnership alone is investing around £8,000 in the period 2009-10 in climbing schemes that will involve more than 200 children and young people.

John Mann: Given that so many hon. Members are desperate to join the parliamentary climbing club—and they are welcome to do so—will the Minister, in the week of the British Mountaineering Council's annual general meeting, congratulate the sport on the way in which it has involved a wide range of young people in recent years? Will he also undertake to liaise with his colleagues in the Department for Children, Schools and Families about the excellent myplace initiative, which involves the funding of more than 20 new climbing

walls this year, and ensure that the BMC and his Department are fully involved in the design features of those walls?

Mr. Sutcliffe: I am happy to support what my hon. Friend has said. I pay tribute to him for his work with the British Mountaineering Council. I was happy to host a reception at No. 10 last year for the council. What impressed me most was the breadth and depth of skills among those mountaineers and climbers. The point that my hon. Friend mentioned about the offer of climbing in school sport is also important. We are trying to widen participation and the number of sports available to young people, and climbing is one of the sports that can help us do that. We will continue to work with climbing and the BMC.

Horse Racing

8. **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): What assessment he has made of the effect of the economic downturn on horse racing. [269390]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): It is too early to make an assessment of the effect on horse racing, but we continue to monitor the situation in close consultation with industry representatives. I remain confident that the industry is taking the right action to sustain itself and prepare for recovery.

Jeff Ennis: I thank my hon. Friend for that reply, but given the current economic situation, does he agree that now must be the time to modernise the future of horse racing by replacing the out-of-date levy system with a new system that is fit for the 21st century? That can be achieved only by all sections of the racing industry working together constructively to get that system off the ground.

Mr. Sutcliffe: I congratulate my hon. Friend on his work with the all-party group on racing and bloodstock industries. He has heard me say before that the important thing for racing is for the industry to work together to succeed. That means all parts of the industry: the owners, the trainers, the jockeys and the betting industry. They have to come together, and the mechanism for doing that is through the levy. We want to see a successful outcome to the levy discussions, but that does not remove the need to continue with the modernisation programme and ensure that a great industry goes from strength to strength.

Philip Davies (Shipley) (Con): We all agree that the levy needs modernising, but does the Minister agree that the three-year deal offered by the bookmakers will provide stability for racing through difficult economic times and give some breathing space to allow a new, modernised levy to emerge, which probably would not happen if we continued with a year-on-year roll-over of the levy?

Mr. Sutcliffe: I also congratulate the hon. Gentleman on his work with the all-party group. He is right to say that, in these difficult times, a three-year deal would give a stability that no other sector would have, but that would certainly not prevent any modernisation from taking place. The two can go together in tandem. I would be very happy if a three-year deal could be agreed, but I would also want to ensure that we continued with the modernisation agenda.

Lottery Funding (Sport)

9. **Mr. Peter Bone** (Wellingborough) (Con): What recent assessment he has made of the likely effect of the recession on lottery funding for sport. [269391]

The Secretary of State for Culture, Media and Sport (Andy Burnham): So far, national lottery ticket sales and returns to good causes have held up well. We expect to see an increase when end-year results are announced in May. The National Lottery Commission and Camelot, the operator, are working hard to ensure that the lottery is in the strongest position and that it will generate maximum returns for all good causes, including sport.

Mr. Bone: Since Labour came to power, lottery funding for sport has halved, yet administration costs have doubled. Is that a record to be proud of?

Andy Burnham: There is a fact that Opposition representatives continue to overlook when it comes to the lottery and sport: the new good causes fund—previously called the New Opportunities Fund and more recently named the Big Lottery Fund—has put considerable funds into sport. The average figure for the past five years is £100 million a year. I hope that the hon. Gentleman will stop misrepresenting this position—

Mr. Bone: Pardon?

Andy Burnham: I hope that he will stop not giving a fully accurate reflection of this position. Because of the changes that this Government have made—including the creation of the New Opportunities Fund, which enabled lottery funds to be spent in schools and hospitals for the first time—a £1 billion investment was put into school sport in 1999. That enabled the creation of floodlit astroturf pitches in schools up and down the country, and those that were created in my constituency at that time are still heavily used to this day.

Mr. Jeremy Hunt (South-West Surrey) (Con): May I congratulate the Secretary of State on the success of his team in yesterday's FA cup semi-final?

The right hon. Gentleman sent me a letter just before Christmas refuting the claims that I had made about the decline in funding for grass-roots and community sport—claims that have been echoed today by my hon. Friend the Member for Wellingborough (Mr. Bone). Just a few weeks ago, however, the Secretary of State supplied me with parliamentary answers that confirm precisely the fact that there has been a dramatic fall in lottery funding for grass-roots and community sport. Which of his two answers is correct?

Andy Burnham: I am grateful to the hon. Gentleman for his congratulations. It was a marvellous day at Wembley yesterday, and I apologise for being a touch croaky today. It is not always possible to be an impartial Secretary of State, and that has produced a bit of a rift in the Department today, although we are patching things up as best we can.

I will give the shadow Secretary of State a similar response to that which I have just given the hon. Member for Wellingborough (Mr. Bone). The figures that he cites not only miss out the funding from the Big Lottery Fund, significant sums of which have gone into grass-roots sport, but exclude funding provided by the Department for Children, Schools and Families in accordance with the PE and school sports strategy, which the DCSF and my Department co-sponsor. We are now talking about £200 million a year in that regard, so I hope that, if we are to have a debate about funding for sport, we can put all the facts on the table and take into account all the investment that is going into grass-roots and school sport. If I have heard the shadow Chancellor correctly in recent times, I must conclude that if he were standing where I am now, he would be having to explain to the House on what level he was cutting sport funding. I understand that it is Conservative policy to cut Department for Culture, Media and Sport spending now, this year, and we would be interested to hear where the axe would fall on grass-roots sport.

Mr. Hunt: If we are to believe what we read in the papers this morning, Government briefings suggest that it is the Chancellor, not the shadow Chancellor, who is talking about spending cuts of £15 billion. The last Conservative Government set up the lottery precisely in order to support grass-roots sports, the arts and our heritage when times are tough. Is not the reason that funding for grass-roots sport has halved under the right hon. Gentleman's Government the appalling way in which they have managed the national lottery, in particular by diverting more than £1 billion to supporting Government spending programmes, so that, in the crucial run-up to 2012, when we want more people to be able to enjoy community sport, fewer people will actually be able to do so?

Andy Burnham: It is simply inaccurate to say that funding has halved. This Government have invested at every level of sport—school and community sport, club sport and elite sport—which is why sport in this country is in a better position today than it has been for many years and why nine out of 10 young people do two hours of sport in school every week. What was the position when the hon. Gentleman's party was in government? It was appalling; it was terrible. I was at school and I remember what happened—sport simply dried up. The hon. Gentleman keeps talking about a big diversion of funds and my right hon. Friend the Minister for the Olympics—

Mr. Speaker: Order. I must make progress down the Order Paper; otherwise, it is unfair to Back Benchers.

Local News Media

11. **Ann Winterton** (Congleton) (Con): If he will bring forward proposals to provide support to news media organisations for the provision of local news. [269393]

The Secretary of State for Culture, Media and Sport (Andy Burnham): I am well aware of the intense challenges facing local news providers, including radio and television as well as local newspapers. Building on my recent discussions with relevant bodies, I will hold a summit at the end of this month to discuss options for local news services.

Ann Winterton: While the town of Congleton retains its local newspaper, the *Congleton Chronicle*, which is not part of a national news media group, many offices in rural constituencies, including mine, have closed because of the centralisation of news coverage to places such as Manchester. Is the Secretary of State concerned that local people will not be able to access news about court proceedings, council proceedings and so forth unless they have a local news service? How can that best be delivered?

Andy Burnham: I certainly understand the hon. Lady's concerns; indeed, they are shared across the House. Part of the answer is market forces, as newspapers operate in a market, but I think we would all agree that local newspapers perform a vital public service at local level and are crucial to the health of local democracy. I hope that the hon. Lady will attend the seminar I have called in Portcullis House next week, as I would be interested in debating the available options. It is, of course, difficult for local news organisations to make the transition to the fully digital era. There is pressure in respect of the cost of newsprint and a difficult advertising market, and structural challenges are arising together with the pressures in the economy. We all care enough to hope that we can plot a way forward for local news organisations, which we should work towards.

City of Culture

13. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): What progress has been made in developing his proposal for a UK city of culture. [269395]

The Secretary of State for Culture, Media and Sport (Andy Burnham): I have set up a working group, chaired by Phil Redmond. The group's remit is to consider what the vision for a UK city of culture should look like, the criteria for eligibility and how the bidding process might work. The working assumption is that the first UK city of culture could be in 2013 and would work on a four-year cycle.

Dr. Starkey: I am anxious that the criteria—whatever they are—do not discriminate against newer cities such as my own, Milton Keynes. I urge my right hon. Friend to ensure that the criteria allow a bid, which could build on the marriage of Milton Keynes's history with the varied heritage of the large numbers of communities that have moved into the city from elsewhere in the UK and from abroad.

Andy Burnham: I hear what my hon. Friend says. I attended one of the meetings of the working group I mentioned, and I can assure her that the consensus around the table was that we should work with the broadest possible definition of city of culture, which would allow as many parts of the country as possible to join the competition.

Andrew Mackinlay (Thurrock) (Lab): Is it for the UK?

Andy Burnham: This UK city of culture proposal has real potential, as we saw in Liverpool last year when there was an £800 million boost to the regional economy. More than anything, the association with culture gave the whole city a lift and brought some real civic pride to Liverpool. We will pursue the proposal carefully, but we believe that it has real potential for areas all around the country, not just for the larger cities.

Topical Questions

T1. [269423] **Mr. Desmond Swayne** (New Forest, West) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Culture, Media and Sport (Andy Burnham): Last week, I attended a memorial service at Anfield to mark the 20th anniversary of the Hillsborough stadium disaster. I am sure that the whole House will want to join me in paying respects to the families of the 96 people who tragically lost their lives on that terrible day. In advance of this, working with my hon. Friend the Member for Liverpool, Garston (Maria Eagle), I called for the full disclosure of any documents held by public bodies relating to the Hillsborough disaster and its aftermath. I welcome the Home Secretary's statement, and I will work closely with her and other colleagues across the Government to determine the process by which to take this forward.

Following formal concerns raised by the Museums, Libraries and Archives Council, we recently announced an inquiry into the provision of library services in the Wirral.

Mr. Swayne: If the Government are successful in achieving their target, announced in "Digital Britain", of reducing illegal file sharing by 70 per cent., that will still leave 2 million individuals to be sued. That is clearly an unrealistic possibility. Will the Secretary of State look again at the technological possibilities of excluding the miscreants, rather than clogging up our courts? "Digital Britain" should be a huge opportunity for creative industries to lead the country out of recession, but at the moment, for every file legally downloaded, 600 are stolen.

Andy Burnham: I find myself in the unusual position of wanting to agree with the hon. Gentleman—a very unusual position—because I do not believe that the right way to approach this matter is via a legislative route. Clearly, behavioural change on a large scale is required. Lots of downloads are not paid for. That is true of music in particular, but other creative content could follow shortly.

The right approach is to encourage better dialogue between rights holders and internet service providers so that new opportunities emerge for how people may pay differently for music, film and other content in future. That would keep within the spirit in which the internet has been so good: people could explore music and could have full access to all the creative content they wanted. We believe that that is the right approach, but be in no doubt that the Government are determined to find solutions, because unless we have a workable system of copyright in the digital age we will weaken our creative industries in the long term.

Derek Twigg (Halton) (Lab): As a lifelong Liverpool fan and someone who was at the Hillsborough disaster, may I say that my right hon. Friend's presence at last week's memorial service was most welcome? Most people there wanted to hear with interest what he had to say. On that point, will he say more about the papers that might be released as a result of work being done currently and whether that includes not just police files, but Government, health authority, health agency and local council papers that might be relevant to what happened on that day? Can he also give me the assurance that the families will be involved in this process and that no one in government will stop it continuing?

Andy Burnham: I thank my hon. Friend for his kind comments. He more than anybody will know that those events are still unbearably painful and very difficult to talk about, particularly in a public context. I agree with everything he said. I believe that it is not right to expect the families who have suffered so much in the 20 years since the disaster to wait a further 10 years to see full disclosure of documents. I favour very much the full disclosure of all documents held by any relevant public body that was connected with the tragedy. I am happy to give him the assurance today that, at all times, the Hillsborough Family Support Group should be fully consulted about the manner and the process by which this is taken forward.

T4. [269426] **Andrew Stunell** (Hazel Grove) (LD): I was very pleased indeed to hear the Secretary of State announce the summit on media options, particularly as journalists and other workers on the *Stockport Express* were given their redundancy notices over Easter. In future, newsgathering will be in the hands of an overcrowded newsroom in Manchester. What are some of the options that he will put on the table for the summit to consider?

Andy Burnham: I welcome the hon. Gentleman's comments. The summit has been called in response to a suggestion from the all-party National Union of Journalists group in the House. The idea is to bring forward all relevant organisations in this debate. That will obviously include the Newspaper Society, the Society of Editors, the Local Government Association and others.

At this stage, we want to consider all potential options, and I am open-minded about what they might be. It may be that, rather than titles simply being closed, we allow a space whereby other local solutions could be considered to sustain a newspaper title that has been important in any local community down the years.

As I have said, I am open-minded. I hope that the hon. Gentleman will take part in next week's debate, but I believe that we could take a broad range of measures to help local news organisations, and I intend the final "Digital Britain" report to contain clear proposals on this important topic.

T2. [269424] **Mr. Jim Cunningham** (Coventry, South) (Lab): I appreciate that there is to be a summit on the future of the newspaper industry, but does my right hon. Friend realise that the rationalisation process has been going on for about two years? The hon. Member for Hazel Grove (Andrew Stunell) said that redundancy notices had been received fairly recently,

but the process has been going on for a long time in the west midlands, and it requires a little more than a summit.

Why cannot the newspaper industry be treated like any other industry? The Government have gone out of their way to give the motor car industry large sums of taxpayers' money. Why do they not take a good look at the newspaper industry at the same time? Many local people—particularly pensioners and those who are housebound—depend on their local newspapers as much as they depend on benefits.

Andy Burnham: I agree with my hon. Friend that we may have taken local papers for granted for a little too long. We all know from our constituencies how important they are to the quality of local debate and information, and it is high time that the House devoted some of its time to considering them.

As I have said, I believe that a broad range of measures could come to the aid of local news organisations. It may also be possible to establish stronger partnerships with other media organisations, notably the BBC, to ensure that local newspapers have attractive content that people will wish to access via websites. The problem this year is the combination of structural change, with people turning increasingly to online news sources, and pressures in the economy. Our aim, however, must be to help local newspapers through these difficult times and set them up for the future, and that is what we intend to do.

T7. [269430] **Mr. Mark Harper** (Forest of Dean) (Con): I know that the sports Minister shares my desire to widen opportunities for those with learning disabilities to participate in sport. Will he join me in congratulating the initiative of Wingate and Finchley football club? I visited the club recently, along with the leader of Barnet council, Mike Freer. It had worked with the local branch of Mencap to host a disability open day on which more than 30 adults with learning disabilities were able to play football and then watch a match. That set a very positive example, and I believe that we should encourage similar initiatives throughout the country.

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): I am happy to congratulate the club on that event, because it showed that we can provide sport for all. People with learning disabilities should have an opportunity to play sport at a number of different levels. I congratulate the hon. Gentleman's local authority on the work it has done, and congratulate him on his own work in the House.

T3. [269425] **Mr. David Anderson** (Blaydon) (Lab): May I return to the topic of Hillsborough? Ten years ago I worked with trade unionists in Liverpool to support people who had gone through that trauma, and the fact that they are still seeking justice 10 years on beggars belief. I congratulate the Secretary of State and his colleagues on the work that they have done, but let me tell the Secretary of State very clearly that what is being done now may well not be enough. Will he undertake to work closely with support groups and families to ensure that the truth comes out?

Andy Burnham: I pay tribute to my hon. Friend for the work that he has done to support those families. As I said to my hon. Friend the Member for Halton (Derek Twigg), I was at the other semi-final on that terrible day, and I shall never forget seeing the news of six dead at Hillsborough on the score board at Villa Park. Our delight turned to despair as we thought of friends at the other ground, and of what they were going through.

Those events are still unbearably difficult to deal with, but we must now finally answer questions that are still unanswered, and ensure full disclosure. It is important for us to uncover the full picture. Obviously that may resurrect difficult and painful issues, but judging by the public comment and debate of recent days, I think that the mood in the country is very much in favour of a process that will enable us finally to answer the questions raised by that terrible day, to ensure that it never happens again, and to bring some—I emphasise the word "some"—respite to families who, while suffering terrible indignities and injustices down the years, have conducted themselves with enormous dignity at all times.

T8. [269431] **Angela Watkinson** (Upminster) (Con): Further to the question of my hon. Friend the Member for New Forest, West (Mr. Swayne) on the vast scale of digital piracy and the impracticality of suing such immense numbers of people, will the Secretary of State agree to meet representatives of the creative industries to discuss the possibility of introducing technical measures such as throttling bandwidth?

Andy Burnham: The hon. Lady sounds more technically up to date than me; I do not know whether "throttling bandwidth" is a technical term, but it certainly sounds interesting. I think that technical solutions may well hold the answer, but the hon. Lady will know from the Pirate Bay court case in Sweden last week that there are enormous technical challenges in tackling illegal downloading. The Government have clearly and unequivocally said that there has to be a solution and that there has to be a solution quickly. In my view, that solution has to be international; there has to be an international consensus, because that is the very nature of the online space. Later this year, having concluded our own discussions on this issue in "Digital Britain", we will seek at the Cabinet forum in the autumn to build an international consensus on the right way to tackle illegal downloading in the long term. The signs are very encouraging, and the rights holders and internet service providers are engaging very well on these issues, but the Government are absolutely clear that if there is not a solution we will, in the end, have to legislate.

T6. [269428] **Natascha Engel** (North-East Derbyshire) (Lab): As my hon. Friend the Minister is aware, I am lucky enough to have the world's first ever football club, Sheffield FC, in my constituency. Given the fantastic work it does in the community, particularly through community football, will my hon. Friend commit to working with Sheffield FC in promoting England as the venue for the 2018 World cup?

Mr. Sutcliffe: I can do that. Clearly, the 2018 World cup bid is important to the country, and we want all who can contribute to do so, and particularly Sheffield FC, which is now based in Dronfield. It was founded

in 1857 and it celebrated its 150th anniversary in 2007, so it clearly is well placed to help us bid successfully for the 2018 World cup.

T9. [269432] **Mr. Philip Hollobone** (Kettering) (Con): Given that we spend far too much time in this country celebrating cultures other than our own, is it not time to start redressing the balance by creating a public holiday to celebrate St. George's day?

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): I commend the hon. Gentleman for the work he does in promoting Englishness and the flag of St. George. I would have to discuss with Government colleagues the idea of holding a public holiday to celebrate St. George's day, but I hope that people will follow the suggestion of my right hon. Friend the Secretary of State for Communities and Local Government and celebrate St. George's day, while also remembering that we will also be celebrating the birth of William Shakespeare.

OLYMPICS

The Minister for the Olympics was asked—

Expenditure

1. **Mr. Mark Harper** (Forest of Dean) (Con): What her latest estimate is of expenditure on the London 2012 Olympics, and if she will make a statement. [269375]

The Minister for the Olympics (Tessa Jowell): The estimate of public expenditure on the London 2012 games remains within the £9.325 billion package that I announced in March 2007.

Mr. Harper: I thank the Minister for that answer. Now that the Olympic Delivery Authority has decided that Woolwich is to be the site for shooting events at the Olympics, will she arrange for the KPMG report on the venues to be published in full? I know that it has been published, but only with all the rather interesting financial information missed out, and British shooting does not feel that it has been given a fair crack of the whip. Will she therefore arrange for that report to be published in full and placed in the Library of the House?

Tessa Jowell: The hon. Gentleman will be aware that I met the advocates for the Bisley case very particularly, as I also met the advocates for other venues, and the Olympic Board confirmed its decision at its last meeting. It is certainly my intention to publish the KPMG report once the issues of commercial sensitivity have passed and the relevant negotiations have been completed.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): What reassurance can my right hon. Friend give that at least some of that expenditure will positively aid the regeneration of the Olympic boroughs?

Tessa Jowell: The reassurance that I can give my hon. Friend is that of the ODA's baseline budget of £6.1 billion, plus the provision for £2 billion for contingencies—so far, 20 per cent. has been allocated from both sources of contingency funding—75p in every pound spent is spent on regeneration: on the physical regeneration of the area. She will be aware of the enormous efforts that we are making, of which she has been such a powerful advocate, to make sure that in the post-Olympic period the east London boroughs, one of which she represents, have a higher level of skill and more people in work than before the Olympics.

Mr. Humfrey Malins (Woking) (Con): On the subject of shooting, we all know that one of the factors in choosing Woolwich was cost, so will the Minister today tell us the cost estimate for staging the shooting at Woolwich, and for staging it at Bisley?

Tessa Jowell: I will make both those figures available to the House—

Mr. Malins: Today?

Tessa Jowell: No, not today; I shall do so once the negotiations, which are inevitably sensitive, are concluded. I know of the hon. Gentleman's great concerns about Bisley, and his advocacy for it. He will understand that there were two factors that led the Olympic Board to conclude that Woolwich should be the preferred venue for shooting. The first was on the grounds of cost, to which he referred. The second was certainty, the judgment being that, at this stage, Bisley simply involved too much risk, in terms of delivering an acceptable venue.

Mr. David Clelland (Tyne Bridge) (Lab): Is the Minister aware that the way in which large amounts of public money—£500 million, I believe—have been distributed by UK Sport through the governing bodies of sports is threatening the viability of state-of-the-art facilities in places such as Gateshead stadium? Will she look into that? Will she assure the House that the way in which money is distributed will not threaten the future of facilities such as those in Gateshead stadium, and that the preparation for the Olympics will, as she has said in the past, benefit all regions?

Tessa Jowell: I thank my hon. Friend for his question. I know that my right hon. Friend the Secretary of State for Culture, Media and Sport will have been listening to his concern. My hon. Friend will also be aware of the benefit being brought to venues around the country from their designated status as potential training-camp venues. I am sure that he will be a powerful advocate for the venues in his region that have been so designated.

Hugh Robertson (Faversham and Mid-Kent) (Con): The European Investment Bank website has revealed that an application for a £255 million loan for the athletes' village was lodged in February and approved on 7 April. Given that this is the first that many of us have heard of the matter, is the Minister able to throw some more light on the subject today? In particular, will she tell us at what interest rate the loan was agreed, what conditions govern that loan, and what their effect will be on the Olympic balance sheet?

Tessa Jowell: The European Investment Bank has certainly given in-principle agreement to a loan in two parts. Part of it would assist with the financing of the

social housing; the other part would assist with the financing of the Olympic village. The hon. Gentleman will know, because of the transparency in the financial briefing of the Opposition parties, of the background to that, and of the negotiation with the private sector partners. Obviously, once a decision has been taken about how much of that loan facility will be taken up and applied to those two projects, I will make a statement to the House.

Olympic Legacy (Young People)

2. **Mr. Peter Bone** (Wellingborough) (Con): What plans she has for the legacy use of Olympics sporting venues by young people. [269376]

Tessa Jowell: The Olympics sporting venues in east London and around the UK will be available for use after the Olympics in a way that involves residents of all levels of ability, from starters to elite athletes. That is a fundamental aspect of the Olympic legacy ambition.

The legacy business plans being prepared for the sports venues—including the stadium in the park, the aquatics centre and the velodrome and velopark—have the provision of affordable access for young people at their heart. Some 500,000 visits a year are anticipated for the aquatics centre, of which more than 100,000 will be use by schools for swimming lessons.

The stadium will include, in addition to a 25,000-seat, International Association of Athletics Federations-compliant athletics facility, provision for a school and a sports academy, providing skills training focused on the 18 to 24 age group. Central to that is the affordability of entrance. I remember my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott)—who is no longer in her place—making the point some years ago that the legacy will mean nothing if the facilities cannot be afforded by people who live in the area. I absolutely and wholeheartedly endorse that point, and we are working to ensure that that promise is delivered.

Mr. Bone: I am grateful for the Minister's response, which gave good news of progress. How far have we gone in obtaining an anchor tenant for the Olympic stadium?

Tessa Jowell: The question of an anchor tenant is a bit of an obsession—*[Interruption.]* It is a misguided obsession, because we already have a commitment to a school, so that between 300 and 400 young people will attend school at the Olympic stadium and legacy every day. Hundreds of young people will use the stadium as the base for their skills learning and development. It will be a base for the English Institute of Sport, and it will host major athletics events. Although there will be a management structure, there will be not a single anchor tenant—on the basis of present negotiation—but a wide range of central sporting interests that will ensure that it is a living stadium, used every day of the year.

Andrew Selous (South-West Bedfordshire) (Con): Will the Minister give the House a little more detail of what practical action is being taken now to ensure that these expensive venues have a long-lasting legacy for all the people of London and beyond in future years?

Tessa Jowell: I can give the hon. Gentleman a lot of practical information about that, including the way in which, in several instances such as the aquatics centre, the designs have been amended—sometimes at additional cost—to ensure that they can be properly adapted for community use after the games have finished. Extra money is being spent on the velodrome which will be the best and fastest in the world. I have also outlined specific proposals for the Olympic stadium. No city has ever been this advanced before in planning the legacy use of its Olympic venues and honouring its commitment to young people, who will be the principal beneficiaries.

Tom Brake (Carshalton and Wallington) (LD): One proposed legacy use for the Olympic park is as a university, and the Government are in discussions about that. What is the estimated cost, how much public subsidy might be required and how much finance has been proposed by private financiers?

Tessa Jowell: There have been discussions with the Department for Innovation, Universities and Skills and, particularly, with the Higher Education Funding Council. There is an agreement to carry out a feasibility study, and there is also interest in collaboration with a Beijing university, which the Mayor and I have been discussing since the games in the summer. Once the feasibility study is concluded, the hon. Gentleman's questions will be answered.

Operation Pathway

3.34 pm

The Secretary of State for the Home Department (Jacqui Smith): With permission, Mr. Speaker, I should like to make a statement on the 12 arrests which took place in the north-west of England on 8 April under the Terrorism Act 2000.

Those arrests are part of an ongoing and fast-moving police investigation. I am sure that hon. Members will understand, therefore, why I cannot go into detail on the investigation or the individuals involved.

On Wednesday 8 April, the north-west counter-terrorism unit, working with Merseyside police, Greater Manchester police and Lancashire constabulary, arrested 12 men under the Terrorism Act. Of those 12 individuals, 11 remain in custody and have had their detention extended to 22 April. Ten of the individuals are Pakistani nationals and one is a British citizen. The 12th individual, who is believed to be an Afghan, has been transferred to immigration detention. In addition to the arrests, a number of premises have been searched.

The arrests were pre-planned as the result of an ongoing joint police and Security Service investigation. The decision to take action was an operational matter for the police and the Security Service, but the Prime Minister and I were kept fully informed of developments. The priority at all times has been to act to maintain public safety.

The House will also be aware that during the course of Wednesday 8 April, photographs were taken of Assistant Commissioner Bob Quick as he was going to a meeting in Downing street. Mr. Quick was carrying papers that contained sensitive operational detail about the investigation and some of that detail was visible in the photographs. As a result, a decision was made by the police to bring forward the arrests to a few hours earlier than had been originally planned. The fact that these papers were inadvertently made public did not make any difference to the decision to carry out arrests—it simply changed the timing by a matter of hours. Assistant Commissioner Quick offered his resignation to the Metropolitan Police Authority on the following day and it was accepted. I would like to take this opportunity to pay tribute to him for his work on counter-terrorism and for his many years of service. He has made an enormous personal contribution to making our country a safer place.

I am sure the House will want to join me in thanking all the police forces involved in this operation. They are to be commended for the professional manner in which they carried out the arrests. I would also like to express my thanks to members of the public in the communities most immediately affected by these arrests, including those at educational institutions, for their patience and measured response to events. The police, with support from local authorities and elected representatives, are working closely with local communities to discuss issues or concerns linked to the operation.

Last month, the Government published our revised strategy to counter the threat to this country and to our interests overseas from international terrorism. A key theme in that strategy, Contest, is the need to co-ordinate our work with our international partners. The Prime Minister has already made it very clear that we need to continue to enhance co-operation on counter-terrorism with Pakistan. He has spoken to President Zardari and they have agreed that our two countries must continue to work together as closely as possible to counter this threat.

We are working with the Government of Pakistan to bolster their efforts to build civic society, tackle violent extremism and help build resilience in Pakistani society against radicalisation—just as we seek to do here in the UK. That work includes support for the modernisation of Pakistan's security apparatus, support for governance and the rule of law, and work to undermine extremist ideology. Our counter-terrorism programme with Pakistan is worth approximately £10 million a year and is our largest such programme. In addition, to help the Government of Pakistan reduce poverty, the UK has doubled its aid programme to £480 million during 2008-11.

The House will understand that I do not wish to compromise an ongoing investigation by discussing the specifics of the case. However, there has been some speculation that the investigation raises wider questions about the criteria for obtaining student visas and about the issuing of licences by the Security Industry Authority. I would like to clarify the position on both those points.

We are currently delivering the biggest reform of border security and the immigration system for a generation. Last year, we completed the roll-out of biometric visas across the world. Fingerprints are checked against counter-terrorism and crime databases, as well as UK Border Agency records. In posts that we have classified as high risk, such as Pakistan, we have a risk-management network that helps to ensure that the right visa decisions are made, for example by working with local authorities to ensure that the qualifications of prospective students are independently verified.

The impact of those changes is demonstrated in the increased refusal rate for visa applications from Pakistan nationals. Under tier 4 of the points-based system, educational institutions that wish to bring in international students for more than six months must now be accredited by an independent body and licensed by the UK Border Agency. There will for some time be a number of students who have continuing leave under the old system. Many of them will be studying at colleges now on the PBS register, but some will not. Over half these students with existing leave will see their leave expire within 12 months; the vast majority within two years; and almost all within three years. Any student who does not bring themselves within the new PBS regime or leave the country when their leave expires will be subject to appropriate enforcement action.

Before the PBS was in place, about 4,000 institutions brought in international students. Now, under the PBS, there are about 1,500 institutions registered to do so. I have asked UKBA to prioritise enforcement activity on institutions: first, on those which applied but have not made it on to the PBS register; and subsequently on the remaining colleges that have brought in international students in the past, but have not applied for a PBS licence. Where there is evidence of criminal activity, we will prosecute. Where colleges have decided that the requirements of our new, tougher regime are too onerous, we will not allow them to bring in international students.

On the issue of Security Industry Authority licences, applicants have to satisfy a number of criteria before a licence can be issued. In particular, nobody is awarded a

[Jacqui Smith]

licence without a criminal record check and without having their right to work in the UK confirmed. I have asked the SIA to conduct an urgent review to look at whether the existing processes need to be strengthened, at the extent to which students, particularly foreign students, apply for SIA licences and, importantly, at whether that has implications for the security checks conducted by the SIA and the advice provided to employers.

The threat level to the United Kingdom from international terrorism is still assessed as "severe". A terrorist attack is considered highly likely, so I would like to repeat my thanks to the police and the security agencies for their work in relation to this investigation, and for everything that they do to protect this country and the people who live in it from the threat of terrorist attacks. I commend this statement to the House.

Chris Grayling (Epsom and Ewell) (Con): I start by thanking the Home Secretary for giving me an advance copy of her statement. May I join her in congratulating the police on the work that they did, both in the investigation and in making the arrests promptly and without incident following the extremely unfortunate leak in Downing street?

I was asked after the event in an interview whether I blamed the Home Secretary for the fiasco. I said no—for once she was blameless, and I am glad that she recognised immediately that Bob Quick had to go. Such a blatant breach of the relevant protocols meant that his position was completely untenable. That is as far as I am going to go in praising the Home Secretary. The past few weeks have been another chapter of chaos in the Home Office. We have warned for years about abuses of the student visa system for immigration purposes, but the emergence of a terror threat within the UK from this system is a worrying but perhaps unsurprising new development.

Will the Home Secretary confirm that the security services have in the past year issued a number of warnings about flaws in the student visa system? Can she explain why the Home Office's response to these warnings has been to cut back the visa operation in Pakistan? The UK Border Agency's monthly report for February says:

> "The UK hub started handling all...settlement applications from Pakistan...from 26th January. This will enable us to fully test the concept of the UK hub...whilst enabling a reduction of staff in Islamabad (along with the hubbing of all other application categories in Pakistan to Abu Dhabi)."

Before she picks up the phone to Scotland Yard again, I reassure her that the document I am quoting from was not leaked to me—it was published on the internet.

So why are student visa applications from Pakistan being handled not from Pakistan but from Abu Dhabi; and why is Pakistan, of all countries, being used to "test a concept"? Is the Home Secretary not aware that high-quality fake documents that will help applicants get visas are on sale for £100 in Pakistan? Is she aware that there are companies doing what one described to a national newspaper as a "roaring business" in helping student visa applicants? Will she confirm the extraordinary fact that under this Government, the British high commission in Pakistan previously estimated that half of all students to whom it grants visas disappear after reaching the UK?

If the security services say there is a big problem, why is the right hon. Lady cutting front-line staff in Pakistan, so that we cannot do adequate local verification? Why does she think that people in Abu Dhabi are better placed to judge an application? Will she confirm that one of the suspects in the case was allowed into Britain even though he had suspect papers? If that is the case, does it not blow apart the absurd claims made by the Immigration Minister that all this will be solved by the e-Borders database? And is it not true that even biometric data will not help us catch previously unknown terror suspects?

As my hon. Friend the Member for Ashford (Damian Green) knows, this Home Office is paranoid about bad news. Is it true that three years ago, a chief immigration officer who wrote an internal report criticising the way in which student visa applications in Pakistan are handled was disciplined and the report suppressed?

These are key issues that the Home Secretary has to address in relation to national security, but it is to her discredit that her statement today fails to address many of the problems that her Department faces. This should have been a statement that allowed the House to ask her why her Department made wildly exaggerated claims about leaks and national security, which led to the utterly unjustified arrest of my hon. Friend the Member for Ashford—the stuff of police states, not democracy. It should also have been an opportunity for the House to question her about the worrying issues that have arisen as a result of the policing of the G20 protests. However, this is hardly surprising. The right hon. Lady is the latest in a series of beleaguered Home Secretaries—three already in this Parliament. If we believe the Downing street rumour mill—despite everything, it still appears to be operating—she will be on her way before long, as well. Of course, the truth is that we do not need just a new Home Secretary. What we need is a new Government, if we are to sort out all this mess.

Jacqui Smith: The fact that the hon. Gentleman chose to spend a significant proportion of his response to my statement talking about me rather than about the issue says rather more about him than it does about me.

To return to the issue, I can reassure the hon. Gentleman, as I spelled out in my statement, that we have considerably tightened the process for issuing student visas, not just from Pakistan, but more widely. I have seen the visa operation myself at the high commission in Islamabad. I believe that there are committed people working hard, as there are throughout our visa operation across the world, supported by the introduction of biometrics, before time and on budget, which enable us now to check every applicant for a visa—student and otherwise—against watch lists and to weed out those who should not come to this country.

That is supported by the risk assessment that we introduced in Pakistan from 2005, which enables us to do additional checks on student visa applications made there, including on the nature of the qualifications that applicants have. The process is further supported by the tightening of the points-based system, which now means that any institution that wants to bring in international students has to be both accredited by a professional academic body and licensed by the UK Border Agency. The impact of all these measures has been an increase in the refusal rate for student visas from Pakistan from

just over 50 per cent. in 2006 to nearly 70 per cent. in 2008—proof of the tightening of the regime over recent years.

I reiterate, however, that the vast majority of students who apply to come to this country are coming here because of the high quality of our higher education and international recognition of it throughout the world, and because they want to benefit from that and bring their talents to the UK. I am sure the hon. Gentleman would not want to suggest that we should make it more difficult than it needs to be for legitimate students to come here—while recognising, as we have done, the need to ensure that a tough and rigorous regime is in place.

The hon. Gentleman asked me to comment on individuals in those investigations, but as I said at the beginning, the priority is the successful investigation and either release or charge of the individuals who have been arrested. I shall not say or do anything to put that in jeopardy.

Finally, I would find the hon. Gentleman's protestations about the strictures and robustness of our immigration system and, in particular, our approach to student visas more credible if he had not opposed us on the issue of foreign national ID cards, which help to tie foreign students to their identity, and on the e-Borders system, which helps us to count people in and out of this country and track those who should not be here. Standing at the Dispatch Box and pontificating is no alternative to practical action, and that is what I am engaged in.

Keith Vaz (Leicester, East) (Lab): May I welcome the Home Secretary's statement and the steps that she has taken? I remind her that the Select Committee on Home Affairs has, on a number of occasions in recent reports, pointed out its concerns about the entry clearance operation in Islamabad and, especially, that people are not routinely interviewed there. Will she confirm that part of the operation actually takes place across the road from here, in King Charles street, where some visas are granted?

The Home Secretary will know that I wrote to her recently to express concern not about the leave of absence for the Under-Secretary of State for the Home Department, my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier), the entry clearance Minister—we wish her well on her maternity leave—but about the arrangement that the Home Secretary has made to divide up that Minister's post between four other Ministers. Surely what is required now, with all the initiatives that the Home Secretary is quite properly undertaking, is one Minister to oversee the entry clearance operation, rather than dividing it between other Ministers, who are extremely busy at the moment.

Jacqui Smith: On the point about interviews, I know that the Home Affairs Committee recently looked at the visa operation, but I do not agree with all my right hon. Friend's conclusions about its success. I do not think that he questioned this point, but I must reiterate the professionalism of certainly the staff whom I met when visiting our visa operations overseas. I have outlined the much more robust approach that we now take when dealing with student visas, and, rather than intervening in every single case, which some experts suggest is not the most effective way of dealing with the risk in these cases, it is better to have robust information and biometric information, as we now do, and to focus interviews where necessary—telephone interviews, where appropriate—on those people who are most likely to be risky. That is precisely the reason for setting up early the risk assessment unit in Pakistan—so that we are able to make that judgment and focus resources there.

I have written to my right hon. Friend about the arrangements that have been made for the maternity leave of the entry clearance Minister, but, once again, I am afraid that I disagree with him. We have put in place exactly what is necessary, including bringing in an additional Minister to cover my hon. Friend's absence and to ensure the correct level of ministerial oversight during that leave.

Chris Huhne (Eastleigh) (LD): I thank the Home Secretary for advance sight of her statement. She will be aware of the press reports that some of the arrests were weeks premature, and she said in her statement that the fact that the papers were inadvertently made public did not make any difference to the decision to carry out arrests, but that it simply changed the timing. Will she confirm that all those who were going to be arrested were arrested, and that all those who were arrested were going to be arrested within hours? Has any lasting damage been done as a result of Assistant Commissioner Quick's indiscretion?

On the issue of bogus colleges, will the Home Secretary tell us the latest state of play on the validation of colleges? Should validation be given a higher priority in the light of those arrests, and can she estimate how many students who are in this country attending, or perhaps not attending, have not been validated?

On Pakistan, greater co-operation is welcome; the Home Secretary says that there are now greater checks on the qualifications of applicants. Can she give us more detail on what else is being done to improve checks on Pakistani nationals who come here to study and work? On the Security Industry Authority, the Home Secretary points out that there is a requirement for Criminal Records Bureau checks—those, of course, relate to UK crime. However, in these cases of foreign nationals, what steps are being taken to ensure criminal record checks in the country of origin? Surely that is the key point.

We still cannot be sure that someone who is granted a student visa will leave when it expires; thanks to the last Conservative Government, we abolished exit checks. Can the Home Secretary say how effective exit checks are in the principal ports used particularly by Pakistani students? What estimate can she give on likely over-stayers, and how many Pakistani students who have come here in the past 10 years can definitely be said to have returned home? How many cannot be accounted for?

Jacqui Smith: May I contrast the serious approach taken by the hon. Gentleman with the previous-but-one intervention?

As I outlined in my statement, the press reporting was wrong. The arrests were not brought forward by weeks; as I said, they were brought forward by a matter of hours. That goes for all the planned arrests, and the police were satisfied that the operation was carried out as they would have carried it out had it happened several hours later. So, in relation to the hon. Gentleman's

[Jacqui Smith]

second point, I do not believe that there has been any lasting damage, either to this investigation or more widely, from the events of 8 April.

The hon. Gentleman asked about the nature of the current "validation", as he describes it, of colleges. As I outlined, there have been just over 2,000 applications for colleges to go on to the list for the points-based system. Of those, 1,500 are now on the list and 500 have either been refused or have withdrawn during the process. All the 1,500 will be visited within the next 12 weeks; a third already have been. As I also said, I have asked officials to focus enforcement activity on those colleges that either previously accepted international students and have not applied to go on to the list, or, even more urgently, on those that have applied to go on the list and, for whatever reason, were refused.

As I outlined in my statement, some thousands of students have leave to remain under the previous system. In 50 per cent. of those cases, that leave will be tested or will expire within a year; for the vast majority, that will be the case within three years. Also as part of the enforcement activity, I have asked officials to focus on those colleges, and therefore those students, about which there may be concerns in the near future.

The hon. Gentleman made a point about the international nature of criminality and the information around that. It is precisely to do better on that issue that we are working both internationally and within Europe. We asked for the review carried out by Mr. Magee so that we could look at how we could better use information, particularly that which comes internationally. I agree with the hon. Gentleman that we need to do more work on the issue, but that is under way as well.

On the hon. Gentleman's final point, I should say that, as my the Minister for Borders and Immigration, my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas), and I have pointed out on numerous occasions, our work through e-Borders will enable us to put right the gap in our ability to count and monitor people in and out of the country. As the hon. Gentleman rightly said, that ability was removed from us as a result of the actions of the previous Government.

Andrew Miller (Ellesmere Port and Neston) (Lab): Can I seek an assurance from my right hon. Friend that the circumstances that led to the photographs being taken in Downing street do not lead to further pressures on the rights of photographers, both professionals and amateurs, to take photographs in this country, especially as this event coincided with an incident in the past few days where somebody was allegedly challenged by a police officer for taking photographs of a bus garage? We need to learn lessons from the event and draw together the common-sense work being led by my hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing to come up with the right code of practice to ensure that photographers can do their jobs and amateurs can take photographs with freedom.

Jacqui Smith: I strongly agree with my hon. Friend, who has met the Minister for Security, Counter-Terrorism, Crime and Policing to discuss his concerns. I see no reason why the unfortunate events on 8 April should limit the ability of photographers to take photographs, and neither do I believe, as he knows, that some of the limits result from recent legislative changes that we have made, as has been suggested. There is more work that we can do to ensure that photographers are clear that their right to take photographs is protected in all cases where it is not causing a specific risk. That is certainly a right that my hon. Friend and I would uphold.

Mr. Michael Howard (Folkestone and Hythe) (Con): Does the Home Secretary agree that if the crucial objective of safeguarding national security, on which she has rightly placed so much emphasis this afternoon, is to be achieved, it is essential that there is among those in authority a shared understanding of what constitutes a threat to national security? That shared understanding clearly does not exist as between her and the Director of Public Prosecutions. If he is wrong on such a fundamental matter, how can she have confidence in him? If he is right, how can we have confidence in her?

Jacqui Smith: As the right hon. and learned Gentleman quotes—or purports to quote—the Director of Public Prosecutions, perhaps it would be helpful if I pointed him to paragraph 30 of the DPP's lengthy statement of last week:

"One of the principal concerns at the Home Office was that whoever was responsible for the leaks in question may have had access to Ministerial papers and that there was a potential risk that highly sensitive material relating to national security might be disclosed. This damage should not be underestimated and once the pattern of leaks was established in this case, it was inevitable that a police investigation would follow."

That closely mirrors the points that I have made in this House when answering questions at the Dispatch Box and in front of the Home Affairs Committee.

John Reid (Airdrie and Shotts) (Lab): Without prejudice to any ongoing operations or any inference about judicial proceedings, I am sure that the Home Secretary would agree that if any misuses are discovered in our immigration and visa system, then of course we must have an open mind and try to strengthen it. However, can I tell her that there is a common awareness of two things? First, whatever needs to be done, the present visa regime is much more stringent and strict than it ever was before, including in March this year, and certainly more so than that which we inherited. Secondly, the way not to protect national security is to set our face against or dismantle e-Borders, the use of biometric technology or identity cards. That makes as little sense as trying to protect a house against burglary by taking out every lock and dismantling the burglar alarm.

Jacqui Smith: I completely agree with my right hon. Friend. He knows, because he was involved in much of the early planning and preparatory work, about the strength of the toughening of the regime that is now in place under the points-based system. I share his analysis. It is easy to talk about security, but if one opposes the methods of counting and monitoring people in and out of this country, opposes the methods that help us to tie people to their identity, and opposes the methods of ensuring, where necessary, that that security is in place through technology, all that one has left is empty talk.

Mr. Michael Ancram (Devizes) (Con): While in relation to certain recent incidents the police have understandably received what might best be called a bad press, would

the Home Secretary agree that both outside the capital, as in this case, and inside it, the police do an enormous amount, often at personal risk to themselves, to protect the British public from mayhem, violence and destruction? For that, they deserve our gratitude.

Jacqui Smith: I wholeheartedly agree with the right hon. and learned Gentleman. It is wholly right that the police should be held accountable when things go wrong, but it is fundamentally important that, as I believe we have, we remember and provide support for the role that they play every day in keeping this country and those within it safe. I have to say that in this operation, the flexibility that was shown, the planning that was in place and the execution of the operation demonstrated British policing at its most effective.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Home Secretary rightly referred in her statement to increased activity to verify the qualifications of those who apply for student visas here. Are she and the Foreign Secretary having any discussions with the Pakistani Government to pursue organisations that habitually issue students with certificates that turn out to be bogus, or individuals who appear to be sponsors of those students, and to take action against them in Pakistan?

Jacqui Smith: My hon. Friend makes a very important point. We have now put in place work with the Pakistani authorities, particularly through the Higher Education Commission in Pakistan, to verify the academic qualifications that are presented to us by those who seek to enter the UK as students. She makes a very useful point about whether there is scope for pursuing further work in Pakistan on people whose documents, because of the tighter checks that we have put in place, are shown to be bogus or forged. That is certainly an area that we want to examine and work on closely with the Pakistanis.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Mr. Quick's leak is one of a long line of breaches in information security, and it is clear that there is widespread ignorance of data protection procedures across some key agencies. In light of that, will the Home Secretary undertake an urgent review of the knowledge and awareness of both senior and junior figures in those agencies, to ensure that overall awareness of the manual of protective security is up to date and that this mistake does not happen again?

Jacqui Smith: First, it is important to say that what happened with Assistant Commissioner Quick was not a leak. It was an unfortunate episode for which he has paid an extremely high price. If the hon. Gentleman is saying that all of us need to maintain extremely high standards when it comes to dealing with information that is potentially sensitive or may relate to national security, I wholeheartedly agree. That, of course, is why I will always put a high premium on protecting that information, which is used to protect the British people.

Kate Hoey (Vauxhall) (Lab): Given the real threat to this country from international terrorism, does the Home Secretary agree that the language that the Home Office and the Government generally use must be very carefully chosen? The public do not understand when something that is quite clearly not an issue of national security is treated as it has been. I refer, obviously, to the case of the honourable Member of this House. The public saw, despite hugely scarce resources in their own communities, hordes of police officers trailing around after an individual Member of Parliament over something that ended up having nothing to do with national security, as should have been clear from the beginning. Does the Home Secretary not think that that is really what is bringing our handling of international terrorism in this country into disrepute?

Jacqui Smith: First, I do not think that the way in which we handle international terrorism in this country is in disrepute. Secondly, as the previous question suggested, we all have a responsibility to safeguard information about which there might be concerns if it got out. Thirdly, as I have said, the DPP himself pointed out that given the systematic nature of the leaks that had been identified, the damage should not have been underestimated. Once that pattern of leaks was established, it was inevitable that police investigation would follow. Once that police investigation—*[Interruption.]*

Mr. Speaker: Order. Why do we not let the Home Secretary answer the question without interruption?

Jacqui Smith: Once that police investigation started, it was, of course, for the police to follow the evidence without fear or favour. It was, as rightly happened last week, for the Director of Public Prosecutions to decide whether it constituted the basis for a charge.

Mr. John Redwood (Wokingham) (Con): Is the Home Secretary expecting the 12 people who were arrested to be charged with serious crimes soon, or were the arrests speculative and part of a fishing expedition against others? We need to know, given the length of time that they are being detained.

Jacqui Smith: The arrests were certainly not speculative. The right hon. Gentleman's serious point is that, as we have previously discussed at some length in the House, given the potential risk of terrorist attack and the nature of that risk, the police and security services felt that public security was best served by intervening early—at the point that they did. Such circumstances bring specific challenges to police investigations. That is part of the reason for the specific arrangements for extended periods of pre-charge detention for arrests under the Terrorism Act 2000, which these are. The priority for the investigation is to investigate and, as I said earlier, release or charge as soon as possible.

Fiona Mactaggart (Slough) (Lab): In the light of that answer, I stress that concern was expressed at a meeting of the Pakistan Welfare Association in Slough that the young men arrested include people of good family, those who are innocent and so on. My constituents responded positively to my response that we have a fair justice system here, but they require quick and transparent action. Will the Home Secretary reassure the House that we will get swift reports about what happens?

I recently wrote to the Department about the behaviour of Gerry's/FedEx in Pakistan, which I believe to have been corrupt in some cases. I wonder whether my right

[Fiona Mactaggart]

hon. Friend could put in place steps to ensure that that organisation does not interfere in the visa operation in a corrupt way.

Jacqui Smith: On my hon. Friend's second point, I will look out her letter and respond as quickly as possible. On her first point, I agree that communities' understanding is important in such circumstances. The results of the investigations will become clear reasonably soon. I also believe that, as has been the case throughout the process, it is important that the police, community groups and local authorities work closely alongside local communities to explain what is happening and the reasons for that, as far as possible. I know that such work will continue in each of the affected areas.

Mr. Andrew Mackay (Bracknell) (Con): Will the Home Secretary tell the House how many people are now in this country who made an application from Pakistan under the student visa system?

Jacqui Smith: Of those who are students in this country, just over 5 per cent. are from Pakistan. Approximately 200,000 visas were granted in 2007, the last year for which there are figures.

Andrew Mackinlay (Thurrock) (Lab): May I ask the Home Secretary about our prestigious postgraduate research institutes, such as Imperial college and the London School of Hygiene and Tropical Medicine? What assurances can she give the House that we know what research is being conducted? In layman's terms, what is at the back of the fridge? When I spoke to my hon. and learned Friend the Member for North Warwickshire (Mr. O'Brien) when he was a Home Office Minister, there were signs that those institutions were reluctant to collaborate with our security and intelligence services on the bogus grounds of academic freedom. These people need to be probed, and no assurances have been given to the House that that is being done. That is the danger.

Jacqui Smith: I do not think that academic freedom is always a bogus defence, but I agree with my hon. Friend that if there are security concerns about the specific activities of higher education institutions, they should not be immune from consideration. I assure him that, in examining the nature of student visa applications from international students, specific attention is paid to those for courses that could involve technologies that might be subject to national security considerations. Specific consideration is therefore already given to that in the application process.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Does the Home Secretary understand my puzzlement at the fact that she has chosen to make a statement that was wholly empty? She could say nothing at all about the arrest of the alleged terrorists because of the contempt of court rules that we all know about. What she could have done was make a statement about the policing of the G20 demonstration or her Department's role in the arrest of my hon. Friend the Member for Ashford (Damian Green). Indeed, she could have made a personal statement setting out the reasons for her resignation, all of which—

Mr. Speaker: Order. The right hon. and learned Gentleman knows that he is going very wide of the statement. I know what the right hon. Lady could have done, but that is not what she did. She made this statement and that is what he must question her on.

Mr. Hogg: I entirely understand, Mr Speaker, and you are entirely right. Then would the Home Secretary explain why she has chosen to make this statement? Is it to enlarge her political life by giving the false impression of activity? If so, let me tell her that it will fool nobody at all.

Jacqui Smith: The right hon. and learned Gentleman's question has entertained him. When there have been a large number of arrests on terrorist offences, it is the responsibility of a Home Secretary to come and report to the House in the way that I have done—and in the way, incidentally, that I undertook to do on every such occasion during the discussions on the Counter-Terrorism Act 2008. Mr. Speaker decided that an urgent question that had been tabled about the G20 was not appropriate to be taken today. However, I note that if the right hon. and learned Gentleman had really wanted me to talk about the DPP's statement last week, he or any other Opposition Member could have tabled an urgent question on that topic, and no one did.

Patrick Mercer (Newark) (Con): I am interested to hear the Home Secretary express confidence in the border security regime of this country. However, last week on the BBC, the former Mayor of London said that

"whatever changes you make to student visas...They"—

I assume that he means our enemies—

"will find a way round it. If it isn't students coming in it will be tourists."

Why does Mr. Livingstone not share her enthusiasm for and confidence in the Government's regime?

Jacqui Smith: I think that Ken Livingstone was probably making the practical comment—I am sure that the hon. Gentleman would agree with it—that it is our responsibility, whether in our border security, our intelligence or our law enforcement, to ensure that we are as fully resourced and effective as possible in identifying where a terrorist risk might occur. However, as the hon. Gentleman knows, although we have been extremely successful in foiling terrorist attacks, the nature of terrorists and those who seek to perpetrate such attacks is that they will increasingly try to find ways around even improved security arrangements. That is why we need to remain continuously vigilant and keep strengthening the systems in the way that we are.

Bob Spink (Castle Point) (Ind): The Home Secretary is to be congratulated on her tough action over many years to protect the public from terrorists. She knows that 6,000 of my constituents work on the front line against the terrorist threat in London. They want her to continue with her tough action. Will she therefore continue always to put public safety first, as she has in the past, even though regrettably that sometimes compromises terror suspects' personal freedoms?

Jacqui Smith: I thank the hon. Gentleman for those words and, most significantly, for his thanks to those in our law enforcement and security agencies who work

hard, day in, day out, to keep this country safe. I can assure him that my highest priority will continue to be the security of people in this country.

Mr. David Winnick (Walsall, North) (Lab): My right hon. Friend has rightly praised the police. No one would dispute the important role that they play in securing our country and protecting it from terrorism. However, would she also bear in mind the fact that there is much concern about one or two individual police officers who have acted in a way that is totally incompatible with policing? We have seen outright police brutality shown to some of the demonstrators. Will she take the opportunity to make a statement as early as possible—

Mr. Speaker: Order. The hon. Gentleman applied for an urgent question on this matter and he is now trying to raise it. That is totally out of order and he knows it. I call Mr. Evans.

Mr. Nigel Evans (Ribble Valley) (Con): The Home Secretary says that she does not want to see legitimate students from Pakistan being hampered because of what has happened, but is it not the reality that they are going to be? The fact is that Pakistan is a problem, and terrorists have come into this country from there. We want to do all that we possibly can to assist legitimate students who are coming in, but there are going to be real issues. As she will know, two of those involved were arrested in Clitheroe in my constituency. That is not a town that would normally be associated with terrorism. Does not that spell out to everyone in this country that no part of the United Kingdom is immune from the threat of terrorism, and that anyone who sees anything suspicious should pass it on to the police immediately, irrespective of where they live?

Jacqui Smith: The hon. Gentleman makes an important point. I have previously said that public vigilance and, alongside it, the important work of the security agencies and the police are the ways in which we will do our best to keep this country safe from terrorism. He is right to identify the need for continued public vigilance, and to make it clear that the terrorist threat is not isolated in any particular part of the country. I am sure that he will want to join me in congratulating the north-west counter-terrorism unit on its work, which forms part of our approach of bringing together on a regional basis the Security Service and policing staff in order to ensure that the whole of England, Wales and Scotland have the law enforcement coverage necessary to counter terror. The hon. Gentleman has made a very fair point.

Dr. Julian Lewis (New Forest, East) (Con): When the Home Secretary made her statement on 4 December about the arrest of my hon. Friend the Member for Ashford (Damian Green), I immediately tabled a question for written answer, asking her to list any security issues that might have been compromised. I accept that she might not have wanted to answer that question. I had a holding answer on 9 December, and I had to wait more than 15 weeks—

Mr. Speaker: Order. This has nothing to do with the statement.

Mr. Peter Bone (Wellingborough) (Con): In my constituency surgery every week, I see people who want to apply for indefinite leave to remain in this country. When I ask them how they got in originally, they say that they simply came in on a student visa and overstayed. If that is happening in Wellingborough, I am sure that it is happening across the country. Will the Home Secretary give the House her estimate of how many people come into this country on a student visa and deliberately overstay?

Jacqui Smith: That issue is precisely the reason for strengthening the conditions through the points-based system, as we have done, and for introducing the e-borders system that the hon. Member for Epsom and Ewell (Chris Grayling) opposes.

Sir Patrick Cormack (South Staffordshire) (Con): If I heard the Home Secretary aright, she said that 200,000 visas in total were issued to Pakistani students in the last academic year. How many Pakistani students who were legitimately issued with visas failed to complete their university or college course last year?

Jacqui Smith: As I am sure the hon. Gentleman is aware, it would be well nigh impossible to know that statistic. However, it is important for us to know whether someone who has overstayed is still in the country or whether they have left. It is precisely for that purpose that we are rolling out the e-Borders programme, which is opposed by Conservative Members.

Points of Order

4.23 pm

Sir Menzies Campbell (North-East Fife) (LD): On a point of order, Mr. Speaker. Now that we know that no proceedings are to be taken against the hon. Member for Ashford (Damian Green), have you had a request from the Leader of the House to come and make a statement on the future of the Committee which was to consider the implications for the rights and privileges of Members arising from the raid on the hon. Gentleman's office, and, in particular, on whether she is now willing to abandon the condition that would oblige you to ensure that there was a Government majority in the selection of members of that Committee—an unnecessary restriction on your discretion in a matter that concerns the whole House and not just the Government?

Mr. Speaker: I say to the right hon. and learned Gentleman that I am looking into this matter and I will return to the House on it.

Derek Twigg (Halton) (Lab): On a point of order, Mr. Speaker. In column 998 of *Hansard* on 8 May 1998, my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth) said the following in relation to the disclosure of documents on Hillsborough:

"Our attitude to the disclosure of documents has been simple. We believe that anything relevant or material—anything that throws any light on to any of the events of that day—should be made available unless someone can demonstrate a very good reason why it should not be, although I have not so far come across such a case."—[*Official Report*, 8 May 1998; Vol. 311, c. 998.]

My right hon. Friend was very strong on that, and he was very helpful during that debate.

Therefore, while I welcome the Home Secretary's statement that she will allow full disclosure of Hillsborough documents, is it not a scandal that we have had to wait 11 years for further information when we were told that all the relevant information was published back in 1998? Can you, Mr. Speaker, do anything to investigate why this information was not given to the House as promised, and will you ensure that the information that has now been promised gets as quickly as possible to Parliament?

Mr. Speaker: The hon. Gentleman has put this matter on the record. I realise the difficult situation that he is in, as he has to represent his constituents as best he can, but he will understand that this is not a matter for the Chair. Those in authority who have responsibility will have heard what he has had to say regarding this matter.

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. I apologise for not having been skilful enough to have linked my earlier question sufficiently closely to the statement, but I say as a point of order that I know that you have many times expressed your concern about ministerial answers taking too long. I would like to hear your view on this one. I put down a question for a written answer on 9 December. I asked the Secretary of State for the Home Department

"if she will publish a list of the systematic leaks from her Department referred to in her statement of 4 December 2008, *Official Report*, columns 134-36, as having led to her to approve referring the matter to the police; and whether any of the leaks listed concerned issues of national security."

I received a holding answer on 9 December, saying that I would get a reply as soon as possible. I received a reply more than 15 weeks later, on 26 March this year. This reply was from one of the Home Secretary's junior Ministers, referring me to the statement of his right hon. Friend the Home Secretary on 4 December and giving the same column references that I had given in my question in the first place. Is not that a pretty contemptible way to treat hon. Members?

Mr. Speaker: I will not comment on the content, but questions should be as helpful as possible to right hon. and hon. Members.

Mr. Crispin Blunt (Reigate) (Con): Answers.

Mr. Speaker: Pardon me. The hon. Gentleman is right—I mean answers. Forgive me; I have been out of practice, having had a bit of a holiday. The answers should be helpful, but the questions should be as well.

Mr. William Cash (Stone) (Con): On a point of order, Mr. Speaker. In the context of the police's entry into the offices of my hon. Friend the Member for Ashford (Damian Green), I raised with the Leader of the House in business questions just before the House rose the question whether the Attorney-General's opinion could be made available in the Library of the House. That was deposited the day after we began the recess. My point of order is that this whole issue raises matters of freedom of speech for Members of this House; the question of the confidentiality of our correspondence; and questions of national security. In particular, I have in mind the case of Mr. Duncan Sandys in 1938-39. Regrettably, the Attorney-General has not referred in her opinion to this case or, indeed, to several other precedents and conventions that apply. In those circumstances, I would be grateful if you would be good enough, Mr. Speaker, to ensure that a motion coming before the House is allowed to be debated, and that the matter is referred to the Standards and Privileges Committee.

Mr. Speaker: I understand that the hon. Gentleman is legally qualified, so he will know that an opinion does not always provide the answer that someone wants. The same applies to the opinion of the Attorney-General; it may not necessarily be what the hon. Gentleman wants. I am not responsible for the reply that a Law Officer gives.

Mr. Cash: Further to that point of order, Mr. Speaker. It is well established, as I said in business questions, that it is the Attorney-General's role to advise the House and Parliament as a whole in matters of this kind. Furthermore, the fact that the Attorney-General is in the House of Lords perhaps creates certain difficulties in appreciating the effects of such actions on the freedom of speech of Members in this House and, indeed, of our constituents.

Mr. Speaker: The hon. Gentleman has the same length of service in the House as me, or almost the same, and there has often been a situation—I shall choose my words carefully—where a Law Officer has been in the other place. I have no responsibility for the answers that a Law Officer gives. It is up to the Law Officer to give the response.

Keith Vaz (Leicester, East) (Lab): On a point of order, Mr. Speaker. As you know, and as the House knows, there is a large demonstration going on outside the Palace of Westminster, in Parliament square, involving the friends and relatives of thousands of Tamil people who are being killed in Sri Lanka. That demonstration has gone on for some time, but today it is blocking part of Parliament square and Whitehall. Have you had any intimation from the Leader of the House as to whether she has agreed that the topical debate for Thursday will be on the situation in Sri Lanka, or any indication from the Foreign Office as to whether a statement is to be made to the House?

The demonstrators met the Foreign Secretary on a previous occasion, and the Prime Minister's envoy is having discussions at the United Nations at the moment, but to bring the demonstration to an end, is there any possibility of the matter being discussed in the House as soon as possible?

Mr. Speaker: It is up to the Leader of the House to decide, in consultation with others in the House, what the topical debate should be. It has been reported to me not only that a demonstration has been blocking off our entrance, but that young children—little children, and sometimes toddlers—have been put at the perimeter, or the outside, of the demonstration, which puts the police in a very difficult situation.

Policemen who have been under criticism for the way in which they have handled adults are being put in a situation whereby they cannot make any clearance because little children have been put to the perimeter of the demonstration. That is very sad and not an act of democratic demonstration—the type of demonstration that I have been used to as a Member of Parliament and as a former trade union officer. I am saddened that the police have been put in this situation and that little children have been put in their way.

Mr. Gerald Howarth (Aldershot) (Con): Further to that point of order, Mr. Speaker. What powers do you have to order the Metropolitan Police Commissioner to secure what used to be taken for granted in the House—that we, as Members, would have free access to Parliament? That used to be the Sessional Order that was passed at the state opening of each Session of Parliament. I submit that it is completely outrageous that Members of the House have been subjected to this inconvenience, and that the people of London have been subjected to it.

The situation in Sri Lanka is nothing to do with the House and it is an affront that we should have been subjected to this inconvenience. Is it going to continue? I have just spoken to a police officer. He tells me that there is no police officer out there who will take action because the police are fearful that the television cameras will be on them and that if they show anything other than a softly, softly approach, they will find themselves in court. Surely law and order has broken down outside the Houses of Parliament.

Mr. Speaker: My contact with the Commissioner is the Serjeant at Arms. I will take the matter up with the Serjeant at Arms to find out what is happening today.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Further to that point of order, Mr. Speaker. Further to your comment about what is happening in Parliament square, does not all this start with our being lenient about allowing three or four tents to be permanently encamped in Parliament square? If we are not tough on an operation of that sort, how on earth can we expect to control something as large as what is happening today?

Mr. Speaker: That matter has been going on for some years, and I think the hon. Gentleman knows my views on it. However, each and every one of us has to abide by the law. I stop there as I had better get on to the main business of the day.

Defence Procurement

4.34 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): I beg to move,

> That this House has considered the matter of defence procurement.

Providing good equipment is a fundamental component of the military covenant. We ask our armed forces to risk all on our behalf and in return we must support them properly, giving them the equipment and the training that they need to do the job that we ask them to do today, and the job that we may ask them to do tomorrow.

We are committed to that, which is why the defence budget has risen consistently at a rate above inflation since 2000. In real terms, by 2010-11 it will be over £3 billion, or 10 per cent., higher than in 1997. That is why defence spending has risen by about £1 billion a year over the past five years—a clear contrast with the last five years of the Tory Government, who cut defence spending by £500 million pounds per year.

Mr. James Gray (North Wiltshire) (Con) *rose—*

Mr. Tobias Ellwood (Bournemouth, East) (Con) *rose—*

Mr. Ainsworth: I will give way in a while.

Separately and additionally, since 2001 the Treasury reserve has provided about £14 billion to ensure that our forces are properly trained and equipped for operations in Afghanistan and Iraq, including £4.2 billion approved for urgent operational requirements, the majority of which related to force protection equipment. In allocating funds, we must give priority to current operations. However, we cannot take that too far, because we must continue to insure against the threats that we may face in the years to come.

The national security strategy, published in March last year, highlights the sheer range of potential security threats facing the United Kingdom, from international terrorism, weapons of mass destruction, conflicts and failed states to pandemics and transnational crime. We live in a complicated and unpredictable world. It is that unpredictability which makes it so important that in fighting today's war we do not irreparably damage our ability to prepare for tomorrow's, whatever it may be.

No matter how good the equipment package that we procure through our core budget, the unpredictability of conflict means that we need a rapid procurement system of some kind to allow us to tailor and supplement the kit that we give our forces. Our urgent operational requirement programme has done that job. Working with industry, we have used it to slash procurement lead times dramatically and to fast-track equipment tailored specifically for the demands of operations in Afghanistan and Iraq.

For example, in 2005 we used the urgent operational requirement process to introduce new Kestrel and Osprey body armour for our forces in theatre. That represented a step change in capability in comparison with the body armour that they had before, but we cannot rest. The feedback from troops is, predictably, that they like the level of protection afforded but do not like the extra weight. We are now working on a better fit of body armour, which will make carriage easier and which we expect to be in theatre by summer. We are also making further improvements to the infantryman's helmet.

Mr. Ellwood: As the Minister knows, we have just returned from a two-week recess during which a number of announcements were made about defence issues. It was announced, for instance, that the Territorial Army might be cut by 10,000, that we might be sending 900 more troops to Afghanistan, and that as a result of a strategy change led by President Obama we would examine the Anbar awakening project in Iraq with a view to allowing militias in Afghanistan to be paid to do their own patrolling. Those actions will have huge significance for the way in which we operate the British Army.

Will the Minister take this opportunity to clarify what is going on? Many people in uniform are wondering what on earth the Government are doing. They read about decisions in the press that do not—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman's intervention has been very long, and he has asked a number of questions. I think that the Minister would be entirely within his rights to answer only in terms of defence procurement, which is the subject of today's debate.

Mr. Ainsworth: Thank you, Mr. Deputy Speaker. You have made the point for me. I cannot go further than the debate allows without risking your wrath. It does not surprise me that the hon. Gentleman was as out of order as he has been on a number of other occasions.

I got good feedback on the equipment package that we are now providing from the Royal Marines of 3 Commando Brigade, whom I visited in Afghanistan in December. Everywhere I went, Royal Marines of all ranks had nothing but praise for the Jackal vehicle. There are now 200 Jackals in service, and the new, improved Jackal 2 is due to be delivered later this year, six months after the requirement was first raised.

Jackal is only one small part of the vehicle fleet that we are delivering to the front line under the UOR regime. We have approved more than £1 billion on new vehicles for operations, with a focus on providing our commanders with a range of options to allow them to select the most appropriate vehicle for the task in hand. As well as heavily armoured vehicles, they must have more mobile vehicles that can penetrate the narrow streets of villages in the green zone in Helmand, and vehicles that can cover rough terrain in pursuit of the enemy.

We have been making good progress in delivering this comprehensive programme. In October 2008, the Secretary of State announced that we would be procuring approximately 700 new and upgraded armoured vehicles. This included £350 million for more than 400 new light, medium and heavily protected utility vehicles, to be known respectively as Coyote, Husky and Wolfhound. We have now signed contracts for Husky and Wolfhound and expect to sign the contract for the Coyote vehicle very shortly.

Mr. Crispin Blunt (Reigate) (Con): Will the Minister explain to the House the problems associated with the UOR system, particularly as in historical terms it now

accounts for such an enormous proportion of equipment procurement, and what that means for the maintenance of that equipment in the Army's inventory over a prolonged period?

Mr. Ainsworth: The hon. Gentleman is right in that integrating programmes bought through the UOR process with the main programme is problematic, but surely he would accept that, as we cannot always predict every military circumstance, we need our ongoing procurement capability and the UOR process in order to be able to supplement quickly the urgent needs of troops in theatre. That is exactly what it is designed to do. Governments then have to try as best we can to integrate and mesh the UOR process, and the equipment we have bought through it, with our ongoing core equipment programme. That is, of course, problematic, but leaving troops without both the vital equipment they need and a rapid response to changing threat scenarios would be a lot worse.

Mr. Gray: The Minister's explanation of why UORs are important would be absolutely right if they were, indeed, simply a way of providing our troops with the equipment they need at times of war such as now, but is there not a problem with UORs in that the Treasury has capped the budget—if my memory serves me right, at £700 million a year—and anything more than that comes out of the ordinary defence budgets in subsequent years, which will be after the next general election? Is there not something rather bogus about the whole UOR project, therefore?

Mr. Deputy Speaker: Order. For the benefit of those people outside this House who are not specialists, will the Minister explain what UORs are in his reply to that question?

Mr. Ainsworth: Thank you, Mr. Deputy Speaker. The urgent operational requirement programme is in theory not capped but becomes refundable for the Treasury at a point in time. However, it is an academic argument at the moment because we have not gone over that capped amount. There may well be issues at some time in the future, but we have not gone over it yet, so no repayment is required at present, and it is a hypothetical argument to say that it might present a problem at some time in the future.

I was talking about vehicles. Mastiff continues to prove its worth in Iraq and Afghanistan, and deliveries of the enhanced Mastiff 2 began in late 2008, bringing the available Mastiff fleet to more than 280. Ridgeback, which will provide similar levels of protection to Mastiff but is based around the smaller Cougar 4x4 chassis, is expected to start arriving in theatre later this month. The first batch of the Panther command and liaison vehicle has arrived in theatre. It is expected to become operational in the next few weeks.

We use the urgent operational requirements programme to ensure that we are prepared for operations today. We have to ensure that our core budget is properly balanced between equipment designed for the kind of operations that we are fighting in Afghanistan and Iraq, and those that we may face in future. In his budget earlier this month, the American Defence Secretary, Bob Gates, said that the USA is shifting its emphasis to equipment designed for counter-insurgency operations. His analysis is that the US needs to be realistic about what kinds of conflicts its armed forces are likely to face in the years to come, and to tailor its equipment accordingly. In future, the enemy is more likely to be the masked insurgent than the Russian tank commander.

Last December, my right hon. Friend the Secretary of State for Defence announced the conclusion of the equipment examination. That, too, was designed to prioritise current operations. Among other measures, he announced that we would prioritise the future rapid effect system Scout vehicle and the Warrior upgrade programme for the Army. He announced that we would redeploy the Merlin helicopter from Iraq to Afghanistan, making significantly more helicopters and flying hours available to commanders, and that we would invest £70 million to upgrade 12 Lynx mark 9 helicopters with new engines, allowing them to operate in the high altitude and heat of the Afghan summer. Those helicopters are expected to be ready to deploy in 2010.

Mr. James Arbuthnot (North-East Hampshire) (Con): The Minister says that priority will be given to the FRES Scout vehicle, as the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), has said before. May we have an indication of the time scale in which that vehicle will come on stream? This FRES story has been going on for a little bit now.

Mr. Ainsworth: The Under-Secretary of State for Defence has just told me that he is hopeful that we will get to the initial gate with the FRES Scout vehicle within the next 10 months. I hope that that answers the right hon. Gentleman's question.

The US's shift towards procuring equipment for counter-insurgency operations has been well reported. Perhaps less well reported are the measures in its budget to maintain the US contingency capability for state-on-state conflict and power projection, measures such as the commitment to the joint strike fighter, an extra $700 million for theatre missile defence systems, and the announcement of a replacement programme for the US Ohio-class ballistic missile submarines. The US is making sure that its programme stays in balance.

Given the relative sizes of our armed forces, maintaining that balance is more difficult for us. We need to make sure that we do not abandon our high-end capabilities on the altar of the needs of today. Once abandoned, those capabilities, dependent on complex equipment and highly trained personnel, would be difficult to re-grow. In our uncertain world, our armed forces will need the tools to deal with many potential threats. Equipment such as Trident, Astute, the Type 45, the new carriers, Typhoon, the JSF and the future surface combatant is essential to our ability to defend ourselves and our ability to project force.

Mr. Gerald Howarth (Aldershot) (Con): The Minister mentioned the joint strike fighter. Will he inform the House of what the Obama Administration's initial reaction was to sharing the technology so that we can operate that aircraft entirely independently? Will he also tell the House whether the variant that we will get will be the same, in stealth terms, as the one that the United States will have? Or will we get the "export" variant, which I suspect will be much less stealthy?

Mr. Ainsworth: The programme for the joint strike fighter is in the early days, as the hon. Gentleman knows, but we are involved in it and securing our position by the purchase of three aircraft. That will ensure that not only do we obtain the very highest capability—including full stealth capability—but we are able to understand and maintain the aircraft in the future, and we have full access to the technology. That is the whole reason for our involvement, and we are determined to be embedded in the programme to achieve independence of control in the future. We are receiving every indication of co-operation from our American colleagues in that regard.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): My right hon. Friend mentioned the future surface combatant programme. Does he agree that, as with the future rapid effect system, or FRES, it will suffer from having a name that nobody understands? Will he please call a spade a spade and call it the future frigate programme?

Mr. Ainsworth: I try desperately to avoid falling into MOD jargon—*[Interruption.]* Perhaps I should say, "Ministry of Defence" jargon. I try to avoid it, but it is impossible. Some of the names that we give to our equipment defy any ordinary person's understanding of what we do, so there is a lot to be learnt by the Department and those involved with it in trying to call equipment by names that are understandable to the ordinary person. I insist on calling a carrier a carrier, not a CVF—a carrier vessel future—much to the annoyance of many people in the Royal Marines.

Mr. Arbuthnot: As always, the hon. Member for Plymouth, Sutton (Linda Gilroy) makes an extremely good point. Can we not accept that the FRES brand is now broken and should be dropped? We should move to a system of vehicle procurement that people can understand.

Mr. Ainsworth: My hon. Friend was making a point about the titles that we hang on the kit and equipment that people do not understand. The fundamental capability embodied in what has become known as the FRES programme is still something that the Army wants and needs in the future—vehicles that are capable of operating in different theatres of war, not just in counter-insurgency.

Linda Gilroy: I thought that my right hon. Friend had agreed that plain English should rule the day. As far as I am concerned, FRES is French for strawberry. Could he not refer to it as a suite of utility vehicles?

Mr. Ainsworth: I cannot do that, because FRES is more than that. It does not just involve utility vehicles. In any case, I think that the French for strawberry is "fraise", not FRES, although my French is not brilliant.

Mr. Bernard Jenkin (North Essex) (Con): The language issue is like "The Hunting of the Snark". Perhaps the Minister of State can explain what a "Boojum" is when he finds one.

On the question of Typhoon, can the Minister of State explain what is happening with tranche 3? I understand that it has been split into tranche 3A and tranche 3B, and there is international agreement that tranche 3B should proceed with us counting 30 aircraft off to Saudi Arabia as part of our tranche. Why will not the Treasury agree that? Or is every major procurement decision now being stalled by the Treasury?

Mr. Ainsworth: We fall straight into a trap when we talk about tranche 3A and tranche 3B of Typhoon and nobody other than ourselves understands what anybody is talking about. We are in discussions with our partners about this tranche of aircraft, but I am not able to make an announcement on that at the moment and I am sorry to have to say that to the hon. Gentleman. We will make an announcement as soon as we can on our intentions to buy tranche 3 and we will try to keep the House informed on that.

Sir Menzies Campbell (North-East Fife) (LD): My constituents, particularly those who live close to RAF Leuchars, understand well and truly that the Eurofighter Typhoon is a new fighter aircraft. They are particularly pleased that the Government have yet again committed themselves to the deployment of three squadrons to replace the two squadrons of Tornado that are based there. However, my constituents are a little concerned at reports that 43 Squadron, which has a strong Scottish tradition, may be disbanded. If that is to be the case, would not the effectiveness of one of the new squadrons of Eurofighter Typhoon to be based at RAF Leuchars be more than enhanced if the new squadron were renamed 43?

Mr. Ainsworth: I shall come back to the right hon. and learned Gentleman on the naming of squadrons. We will try, if we can, to give assurance or at least certainty to his constituents. I am not sure, to be honest with him, what the consequences are of what he is talking about. However, I will talk to him outside and separate from the debate, if he wants, and will try to give him at least some clarity.

Sir Menzies Campbell: Perhaps I can reverse the usual circumstances and say that I will write to the Minister.

Mr. Ainsworth: Yes.

Mr. Lindsay Hoyle (Chorley) (Lab): May I inform my right hon. Friend how important tranche 3 is not only as regards jobs and skills in the north-west but to the RAF, too? It is a crucial, world-beating aircraft and we are sending out a clear message around the world that says, "We believe in this aircraft; come along and buy it." What is he doing to ensure that those export orders are coming on board to ensure that the skills will remain in the north-west?

Mr. Ainsworth: My hon. Friend is absolutely right. This fantastic aircraft is spoken of very highly not only by all those who have flown it but by those who have seen it perform. We have tried, wherever it is appropriate, to make the aircraft available for export, as have other partner nations. People are aware of it. The doubts that people in this place and elsewhere have cast on the Eurofighter, going back some years, have largely been removed as people have seen the real capability that the Typhoon provides.

Mr. Ben Wallace (Lancaster and Wyre) (Con): When there was a gap in production between tranche 1 and tranche 2 of Typhoon, the MOD had to pay £100 million in compensation to cover that gap. Will the Minister tell us what the figure would be if there were a gap in production between tranche 2 and tranche 3 of the Typhoon?

Mr. Ainsworth: The hon. Gentleman describes a hypothetical situation, which would include the questions of whether there would be a gap and of how big that gap would be, so I cannot answer his question. We will come to the House, as I said, and we will inform people as soon as we can about the situation regarding tranche 3 of the Typhoon.

High-end equipment, such as that which we have been talking about, can be used very effectively across the spectrum of conflict. That is borne out by the experience of current operations. The armed forces are using equipment designed with very different theatres in mind for roles for which they were not originally intended. Such equipment includes the Tornado, which was bought as a deep-attack bomber but is employed in Iraq for close air support and will soon perform the same role in Afghanistan. However, making the right decisions about the equipment that we need is only one side of the equation. The other side involves ensuring that when we go on to procure equipment, we procure it as efficiently and effectively as possible.

Delivering equipment programmes has always been challenging. In 1958, the then Ministry of Supply estimated that defence equipment cost 2.8 times as much as forecast, so delays, slippages and cost overruns are nothing new, and nor are these difficulties something with which the UK alone struggles. In his budget speech, Secretary Gates said:

> "The perennial procurement and contracting cycle—going back many decades—of adding layer upon layer of cost and complexity onto fewer and fewer platforms that take longer and longer to build must come to an end."

Mr. Nicholas Soames (Mid-Sussex) (Con): I agree with the Minister and accept the point that he is making—procurement is not easy, and many other countries have great difficulties—but there is no need for us to have those great difficulties. American defence procurement is on a scale vastly bigger than ours, and is vastly more complicated and vastly more complex, covering many more areas and systems. What we choose to require of our desperately small armed forces should not be as complicated and difficult as it is. The Government need to make things run much better, whichever Government they are.

Mr. Ainsworth: Our problems are different, but that does not necessarily make them easier. We procure relatively few things, so we cannot utilise the economy of scale available to the Americans, which brings its own set of problems. Yes, our problems are different, but they are not always easier—sometimes, indeed, they are more complicated as a result of our smaller procurement runs and equipment runs on individual items.

Mr. Richard Benyon (Newbury) (Con): Previous generations have warned the House about perceived threats, and have been shouted down, not least Winston Churchill in 1930s, when he was in the House and talked about the need to rearm. On the perceived threat of cyber-attack, which has manifested itself in countries such as Estonia—and we have recently heard how China has indulged in cyber-technology that could be used to attack countries in the west such as the UK—what assurances can the Minister give the House that he understands that threat and has built it into his procurement policies?

Mr. Ainsworth: I think that that is the thrust of what I have said. It is enormously difficult, and it would be challenging for any Government—it is challenging to the USA, and it has always been challenging—to get the balance right. We have to face up to the situation and provide our troops with the equipment that they need now for the conflicts in which they are involved, which cost lives in real theatres of war, yet we must try, too, to look at the spectrum of potential threats, including cyber-attack, to ensure that we are best placed in an uncertain world. The question of how we get that balance right is fundamental to the issues that we face. If in the near future we wind up in an environment in which the threat increases because of the global pressures that may flow from the current economic climate, those difficulties will become even more acute.

That is not to say that we can bend our procurement programmes entirely towards the perceived threats of tomorrow, and not give priority to those threats that we face and that threaten our people today. Surely, they must come first. We have an enormously difficult thing to do, and everyone who talks about defence today talks about that issue and getting the balance right.

Mr. Ellwood *rose*—

Mr. Ainsworth: I shall give way to the hon. Gentleman again.

Mr. Ellwood: I shall try to contain my comments this time, Mr. Deputy Speaker, and I am grateful to the Minister for his generosity in allowing Members to intervene. May I ask him about the future strategic tanker aircraft and the contract for, I understand, 27 years, which has been signed? That is a hugely elongated period, agreed in one single contract for that operation.

Mr. Ainsworth: The future tanker will provide us with capability and availability over the long term.

Mr. Ellwood: Twenty-seven years?

Mr. Ainsworth: I do not know whether the hon. Gentleman seriously believes that we will not at any point over the next generation have any need for strategic air capability of the kind that will be delivered by the future strategic tanker. I do not think that the period of 27 years is a problem at all. That will give us stability, a very capable aircraft and a contract that will keep it in the air and available to the RAF and the rest of our armed forces consistently over that period.

Mr. Roger Gale (North Thanet) (Con): The Minister has commented twice on the carriers, but has made little other reference to the Royal Navy. The carriers are delayed, but they are on stream. Can he give the House an assurance that there will be enough Daring class destroyers and other surface ships and submarines to protect our capital assets?

Mr. Ainsworth: The carriers will be used for a variety of tasks, any one of which will have to be properly configured, taking into account not only the requirement and what is needed in terms of force projection, but the threat. We have on order six Type 45 destroyers. They are phenomenally capable ships. I do not know whether the hon. Gentleman has had the opportunity yet to go on board Daring and to experience the radar suite and the missile system that will go with it. We have Astute, and the current Type 23 and Type 22 frigates, which will continue to provide further anti-submarine capability until the future surface combatant comes on stream. We have not taken a decision at this stage about numbers for the future surface combatant, but that will be needed to provide the carrier task force capability, as well as the other functions that those ships will have to undertake.

Linda Gilroy: Can my right hon. Friend tell the House when we shall have an announcement about the maritime change programme? When will he get his finger out and give us the clarity that we need in Devonport so that we can show people that we are at the centre of the way ahead, and answer the point that has just been raised?

Mr. Ainsworth: As my hon. Friend knows, I have been reading the local press. No matter what we say, the speculation continues as to the future of Devonport. We have said that we need Devonport as a naval base, and that that will not be solely for submarine work. No matter how many times we say that, it does not stop the BBC locally saying that our plans are otherwise. We have said that we intend Devonport to become a centre of excellence for depth maintenance, not only for submarines, but for fleet work.

I am sorry that, as my hon. Friend knows, I am not able to compromise our negotiating position while we are trying to reach a commercial agreement with Babcock—a long-term terms of business agreement. I would like to be able to give detailed comfort to the people of Devonport, but I cannot compromise our commercial situation with regard to those negotiations with Babcock. It seems not to matter how many times we say that in strategic terms, Devonport is needed, and we know that we need the continuation of the vital skill base that exists down there. The local media will continue to cause difficulties for my hon. Friend and for us until we can thrash out the detail of that commercial contract so that she and her constituents can see exactly where we stand. We will try to do that as soon as we can. We are not able to do so at present, and I know that that causes discomfort.

Mr. Philip Hollobone (Kettering) (Con): Does it not demonstrate a failure of Her Majesty's Government's procurement policy that the new Type 45 destroyers should take to sea without their new anti-aircraft missile system when they begin operational deployment later this year? Why has that system been delayed so much, meaning that the new Type 45 destroyers are more vulnerable than they otherwise might be?

Mr. Ainsworth: The hon. Gentleman should not take everything too far. The missile system is being tested and, before HMS Daring goes on operations, it will have not only its current phenomenal radar capability but the missile system to go with it. The ship does not have the system now, but it is not on operations. By the time the missile system is needed operationally, it will be available to the Type 45 destroyer.

Mr. Brian Jenkins (Tamworth) (Lab): My right hon. Friend referred to the fact that our armed forces are small, but an even smaller number of contractors supply them. Soon, there may be only one contractor to supply us with certain equipment and we are going into partnerships, so how can my right hon. Friend guarantee that, in the consultation and negotiations, we get value for money?

Mr. Ainsworth: I was just coming to the defence industrial strategy, so perhaps I can answer my hon. Friend by continuing with my speech and bringing out the issue that he raises.

I was talking about what US Defence Secretary Gates said about the perennial procurement problem, and I could not agree with him more. We have a duty to the taxpayer and to our armed forces to ensure that we procure as efficiently and as cost-effectively as possible—particularly in the current financial climate. The defence industrial strategy still forms the basis of those endeavours, its principles remain at the heart of how we do procurement, and we are working with industry to deliver it. We also need to ensure that we draw on every source that we can to find ways to improve. For example, there are many lessons to be learned from the urgent operational requirement experience: requirements driven by the needs of users on the front line rather than by the allure of technology; industry involved at the start of the process; and a premium placed on speed rather than on perfection. That is why the Secretary of State commissioned Bernard Gray to conduct a review of our processes for delivering major equipment programmes, and it will conclude later this year.

I say to my hon. Friend the Member for Tamworth (Mr. Jenkins) that a straightforward commercial contract on any given piece of equipment is not necessarily the way to secure value for money in defence procurement, because we—the Government and the taxpayer—wind up paying for the downtime of the facilities that the private sector provides. Partnership, whereby together we drive down costs and increase the availability of kit and equipment, is the way forward, and for that we need transparency. We need to see what the contractor is doing over time, and how is he doing it, if we are to ensure that the taxpayer makes the same gains as the contractor on the equipment that he provides.

Angus Robertson (Moray) (SNP): The Minister has been extraordinarily generous in allowing Members to ask questions. While he is on the subject, will he indicate how important he feels offset arrangements still are? Do they still operate in relation to literally hundreds of companies in the UK? They are worth hundreds of millions of pounds, if not billions.

Mr. Ainsworth: I do not fully understand the hon. Gentleman's question. I do not know whether the Under-Secretary of State for Defence, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), will be able to pick it up, or whether the hon. Gentleman will allude to it further before my hon. Friend winds up the debate.

We will never be able to predict the future accurately. Instead, we can only train, equip and support our armed forces so that they are as prepared as they can be to face the unknown. We have seen improvements in that area over the past few years, but we can and must do better. We owe it to our armed forces and to the British taxpayer to ensure that we do.

5.15 pm

Mr. Gerald Howarth (Aldershot) (Con): Predictably, the Minister painted a rosy picture of the state of Britain's defence equipment programme—not least in his opening remarks, when he referred to the fantastic increase in funding delivered by the Government. Perhaps I should remind him that that has been necessary because his Government have chosen to engage in five wars since taking office in 1997; those wars should have been better funded than they have been. Furthermore, I remind him that he was a Member of the House when his party attacked the Conservatives when we were in government and wrestling with the aftermath of the end of the cold war. At that time, the Labour party was asking for even more defence cuts than were being delivered by the Conservative party.

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies) *rose—*

Mr. Howarth: Oh, I see that the turncoat wishes to intervene. I give way to the turncoat.

Mr. Deputy Speaker: Order. We can conduct this debate without that sort of expression. I ask the hon. Gentleman to have second thoughts and withdraw that remark.

Mr. Howarth: It was friendly banter, Mr. Deputy Speaker, and in the spirit of friendly banter I withdraw any offence that might have been attached to my remark.

Mr. Deputy Speaker: I am sure that none has been taken, but I am grateful to the hon. Gentleman for withdrawing.

Mr. Davies: There was no offence, Mr. Deputy Speaker, but I am happy nevertheless to accept the hon. Gentleman's withdrawal.

The hon. Gentleman was simply confused in his comments about defence spending. My right hon. Friend the Minister for the Armed Forces was talking about the core defence budget, which is rising at 1.5 per cent. in real terms, beyond inflation, in contrast to the disgraceful record of the last Conservative Administration. *[Interruption.]* No. That has nothing to do with the funding of the wars, conflicts and campaigns, which comes out of the reserve and is in addition to the core defence programme. The hon. Member for Aldershot (Mr. Howarth) should at least understand that distinction.

Mr. Howarth: That was absolutely magnificent and wonderful. The hon. Gentleman never made such accusations about his own side when he was sitting on the Conservative Benches. Indeed, I recall his many Rottweiler-style attacks on the Labour party at the time. He is obviously happier at home with the Labour party now, although he is looking rather discomfited. I hope that he has a good visit to my constituency of Aldershot tomorrow.

Mr. Davies: The hon. Gentleman is absolutely wrong about my record during the last Conservative Administration. I did criticise that Administration from the Back Benches for spending too little on defence.

Mr. Simon Burns (West Chelmsford) (Con): Rubbish!

Mr. Davies: The hon. Gentleman will have to withdraw that.

Mr. Deputy Speaker: Order. The House should calm down a little; we should turn to discussing the current procurement position.

Mr. Howarth: I am glad that you brought us back to the subject of the debate, Mr. Deputy Speaker; it was the right thing to do.

Ann Winterton (Congleton) (Con): Perhaps a simple housewife can pose a question or make a remark with which, I hope, my hon. Friend will agree. In the House we talk so often about how much money is being spent, but never about whether it is being spent wisely and how much waste there is. A case can be made against the current Government in respect of that latter point.

Mr. Howarth: Indeed. I am grateful to my hon. Friend for her valuable intervention and I hope to amplify her remarks.

I will acknowledge that there is some good news around—it is important that we produce a degree of objectivity in these debates. I will make a number of critical remarks about the Government and end with some positive proposals, but I say at the outset that the order for 700 armoured vehicles is right and essential. The Minister made some important points about how the threat is constantly evolving and the need for us to be very agile in our response to these changing threats. I welcome that. I also welcome the decision to proceed with the Trident replacement.

Set against those bits of good news, however, the overall position is absolutely desperate—so desperate that the chairman of the Defence Industries Council, Mike Turner, said in his evidence session before the Defence Committee:

"The future equipment programme is paralysed."

He is a senior figure in the defence industry, well known to the Government, and his words sit gravely at odds with what the Minister has said. The fact is, as the Minister knows, that the Ministry of Defence is in a state of chaos. The Royal Air Force and the Army are each short of about 2,500 people, equipment in theatre is being hammered at a rate never originally envisaged, and the Treasury is clamouring for more cuts even as the nation contemplates committing nearly 1,000 more hard-pressed servicemen and women to Afghanistan. So dire is the position that the Ministry of Defence has been forced to agree that some UOR—urgent operational requirements—costs, until recently met wholly from the Treasury's contingency reserve fund, will in future have to be accounted for in the main MOD core budget, but not, as my hon. Friend the Member for North Wiltshire (Mr. Gray) pointed out, until after 2010.

Mr. Bob Ainsworth: The hon. Gentleman is saying what he has said repeatedly in television studios and from the Front Bench, but he is not entitled to cite the defence forum rather than his own Front Benchers and his own party political position. His party's position, surely, is that the Conservatives cannot guarantee the same level of spending in any areas other than development and health—not defence. It is no good his quoting outsiders—why does he not quote his own Front Benchers, who will not even guarantee the levels of spending that currently apply to this country's defence budget?

Mr. Howarth: I have to tell the Minister that he is in government: he and his colleagues are responsible for the state of affairs in the running of this country, and the Conservative party will not be held accountable for the carnage that they are going to leave behind for us to pick up and put right in 2010. I can tell him about our own financial proposals. We have made it absolutely clear that if we had a Conservative Chancellor proposing the Budget on Wednesday, any cuts in public expenditure this year would exclude defence as an area for cuts. *[Interruption.]* Well, that is the case for this year. Unfortunately, as each month unfolds the state of the British economy is exposed as being worse and worse and the former Chancellor of the Exchequer, now the Prime Minister, who is responsible for this catastrophe, continues to preside over a failing Government. Bring on the general election, and then we will tell the Minister exactly what we propose to do. *[Interruption.]* I have told him how we would deal with it right here and now. He cannot absolve his Government of responsibility for the shambles to which they have reduced this country.

Linda Gilroy: If this has just become a problem for the Conservatives in the light of the very challenging economic circumstances that we face, why did the hon. Gentleman's colleague, the shadow Defence Secretary, say to the *Financial Times* on 17 June 2008:

"I keep on telling my colleagues – many of whom want an increase in defence spending – that we'll have to decide it in the light of the hard numbers that we find"?

Mr. Howarth: Of course that is the position. We do not know what the numbers are—we have not had access to the books. I am telling the hon. Lady and the House what my hon. Friend the shadow Chancellor is proposing as we speak.

I think that you will require us to move on, Mr. Deputy Speaker, because there is much ground to cover. The Minister covered a lot, and I want to do the same. Sticking to financial matters, in another twist of creative accounting the Government have embarked on an expensive programme of private finance initiative projects. My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) referred to the largest, the future strategic tanker aircraft programme to meet our requirement for transport and air-to-air refuelling, which will cost some £13 billion over 27 years. The defence training review will apparently cost some £10 billion over a similar period, and other PFI projects for flying training and helicopter search and rescue will cost about £10 billion. Those will be contractual commitments, reducing the proportion of the defence budget available for ministerial discretionary spending. Not content with screwing up their own budget, this Government want to saddle the next Conservative Government with Labour's debts. There is a fundamental flaw in the Government's approach.

Mr. Hoyle: Will the hon. Gentleman clarify something that confuses me slightly? I understand that he disagrees with how the Government are going to proceed with the tanker programme and the others that he has referred to, but what would be his way of funding them? He will agree that it is very important that we go ahead with the air tanker programme and the others, and I believe that we have to fund them one way or another, so I would be interested to hear what he would say to that.

Mr. Howarth: I have been a consistent opponent of the structure of the FSTA programme, which I think is the most absurd procurement programme of all, and there are quite a few applicants for consideration for that. It is an absurd programme that is hugely costly and years and years late, meaning that the RAF is having to carry on with clapped-out kit in the form of the VC10 and the TriStar, which is grossly unfair to the RAF and its officers and men. That is all because the Government have come up with this fancy way of doing it. The contract is signed, and we will have to see where we stand when we come into government. Sadly, that is for another day.

As I was saying, there is a fundamental flaw in the Government's approach. The Prime Minister hailed his economic stimulus as a route to recovery from the shambles that he has created, but for some obscure reason defence has been excluded. Billions of pounds can apparently be magicked up to bail out irresponsible bankers while the service chiefs have to fight for every last penny to ensure that the men and women on the front line have the kit that they need.

Planning round 09 is still unsettled, and further cuts are being demanded. Nowhere is that clearer than in the case of the Typhoon tranche 3. The *Financial Times* reported this weekend that a deal to approve half of tranche 3—44 aircraft in the case of the UK—has been placed on hold by the Treasury, as my hon. Friend the Member for North Essex (Mr. Jenkin) pointed out. The Minister is clearly not prepared to confirm that report, although I understand that we will get a credit for half the 44 aircraft allocated to the UK in respect of the Saudi order. It would be helpful if the Minister told us something about that, because it is a very serious matter. He needs to tell the House what the consequences will be if the deal fails to go through. I am told that there is every possibility that Chancellor Merkel will be on the phone to the Prime Minister asking, "How on earth can you expect us to follow your example and bend to your wishes on global economics when you have reneged on the long-standing deal on the Typhoon?" The Minister needs to tell the House what implications there will be for the maintenance of key technology skills in this country if the deal fails to go through. Will we have to cede those skills to Germany or Italy, or will we have to pay a financial penalty?

Mr. Wallace: Does my hon. Friend agree that one of the reasons we need an urgent answer is that under its constitution Germany has to get the predominant part of the tranche 3 contract through its Parliament by this May, before the elections start? If we do not get it through by then and the Germans do not get it agreed in Parliament, it is likely that tranche 3 will not happen for a long time.

Mr. Howarth: My hon. Friend is absolutely right—that is my understanding, too. That is why there is serious urgency about this business and why the Minister ought to be as forthcoming as he can be with the House. Perhaps the Under-Secretary, the hon. Member for Grantham and Stamford (Mr. Davies), will mention the matter when he winds up the debate. Of course, there are commercial issues that he may not be able to talk about, but he needs to be honest with the House about what it will cost if the Treasury fails to approve the compromise proposals. If we do not maintain those skills, they will not be available for new programmes such as unmanned aerial vehicle—UAV—programmes, which BAE and others are developing.

Treasury demands for more cuts coincide with reports such as that prepared for the UK National Defence Association by Tony Edwards and endorsed by General Lord Guthrie and Lord Owen, which suggests that the cumulative deficit since the 1998 strategic defence review amounts to some £15 billion and that the planned expenditure for the next five years risks pushing Britain into the second division.

Since we last had a full debate on procurement last June, the Government have cancelled or postponed key programmes and faced a torrent of criticism from all-party Select Committees and others. The Public Accounts Committee's "Major Projects Report" last July stated:

"The Ministry of Defence has not made sufficient improvements to deliver major military equipment to time, budget and quality."

Carriers, the cornerstone of the SDR's expeditionary warfare policy, are delayed again—at a cost of approximately £600 million, I understand from the First Sea Lord. I said in our debate a year ago that the French strawberry, the FRES utility variant—I think that we have to call it the French strawberry now—had gone dead. It has since been binned, in the year by which General Jackson said that the Army had to have the vehicle. The Defence Committee described the handling of the programme as "a fiasco", on which,

"the MoD has wasted both its and industry's time and money."

Mr. Arbuthnot *rose—*

Mr. Howarth: I give way to that Committee's Chairman.

Mr. Arbuthnot: I am sorry that I am a little late in rising to my feet—I intended to ask my hon. Friend about the carriers. He mentioned a figure of £600 million. When the Under-Secretary, the hon. Member for Grantham and Stamford (Mr. Davies), appeared before the Defence Committee, he told us that the delay in the carriers meant no defence cost to the country. If the First Sea Lord has given the figure of £600 million—I have heard the same figure from other authoritative sources—to my hon. Friend, does he believe it to be correct?

Mr. Howarth: I think that it is universally accepted that delay in programmes costs money. The idea that one saves money by postponing programmes is not historically proven. Of course, one forgoes the immediate expenditure, but ultimately one drives up the cost. As I understand it, that has happened in the case that we are considering. It is not for me to intervene between senior serving officers and current Ministers, not least because I look forward to a different relationship with them in 2010, but it is for Ministers to explain those matters.

Mr. Arbuthnot: I note in passing that there has been no intervention on my hon. Friend to suggest that the figure of £600 million is incorrect.

Mr. Howarth: My right hon. Friend is extremely perceptive; I had noted the same thing. I will happily give way to either Minister if they wish to intervene.

Mr. Quentin Davies: I am happy to try to clarify the position. When I said that there were no defence costs, I clearly said—the record will prove it—that there was no loss to the nation's defence capability. I think that I also acknowledged before the Committee that there is always a time value of money. As the hon. Gentleman says, if something is delayed, it tends to cost more in cash terms. However, there is no point in spending the money earlier than required when it could be more usefully spent on other things for national defence capability in the meantime. That is the judgment that I made and to which I stick.

The exact amount of money depends on contractual negotiations, which are currently proceeding. It is simply not in the national interest for me to answer that question or be drawn into precise figures at the moment. *[Interruption.]*

Mr. Howarth: In case that gem was missed, my hon. Friend the Member for Mid-Sussex (Mr. Soames) said that it is not in the national interest for the Under-Secretary to answer any question. Since we are not likely to make much positive progress with the Under-Secretary, I shall move on.

Mr. Gale: Before we leave naval matters, is there also no defence cost in reducing the Daring-class fleet from 12 to eight and now six ships?

Mr. Howarth: I noted my hon. Friend's intervention on the Minister.

The House will have noted the Minister's extremely cagey response to the important point that was made about whether six Type 45s will be sufficient to protect two carrier groups simultaneously, bearing it in mind that at any one time ships will be in refit, maintenance or whatever. I posed that question to the Minister last year, but I did not receive an answer to it, so perhaps his hon. Friend, the other Minister present, will address it when he winds up. The nation needs to know. We are talking about very expensive aircraft carriers, being built at a cost of around £4 billion in total. They will be very vulnerable assets and will need as much protection as they can be given if they are to do their job. The Type 45 is critical to that defence capability, so I hope that the Minister will be able to deal with that point.

Let me turn to other projects. The A400M will be at least four years late. It would be helpful if the Minister said where negotiations on that are and whether the company will pay damages to the Government, or whether it will be in a position to offer an interim solution and, at its own expense, provide the Royal Air Force with aircraft that can give it what it needs immediately.

Let me turn to helicopters. Despite the National Audit Office's warning in 2004 about the

"considerable deficit in the availability of helicopter lift,"

the Government cut £1.4 billion from the helicopter programme—a decision that has considerably hampered UK operations in Helmand province in Afghanistan.

[Mr. Gerald Howarth]

Even now, future Lynx numbers have been cut from 80 originally to 70, which are now just 62 plus some old Lynxes that will be re-engined. Also, the Minister did not mention the essential maritime support programme MARS—the military afloat reach and sustainability programme—which has been delayed indefinitely.

However, besides the policy issues, the Government stand guilty of utter incompetence in the way that they have mismanaged a number of key projects. The Public Accounts Committee reported that the modification of the eight mark 3 Chinook helicopters was so incompetently managed that

"the Department *failed* to consult with Boeing, the *manufacturer* of the helicopters, with regard to the potential costs or timeframes, and the *estimated cost* of the project subsequently grew by 70 per cent."

The Committee concluded that the delays arising from the Government's crass incompetence have

"potentially put the lives of British service personnel at greater risk."

That is a big charge for an all-party Committee of this House to level at the Government.

Mr. Quentin Davies: Will the hon. Gentleman give way?

Mr. Howarth: If the Minister insists.

Mr. Davies: I imagine that the shadow Minister will not enjoy this particular intervention. His comments are a bit rich, because the Chinook contract to which he refers was placed by the previous Conservative Government, unless I am much mistaken.

Mr. Howarth: Do you know, Mr. Deputy Speaker? I am wholly aware of that fact. I am also aware that the hon. Gentleman's newly adopted party has been in government for 12 years now, and it is about time that it took responsibility for sorting things out. *[Interruption.]* The Minister says that the Government have sorted them out, but they have not. Where are those helicopters? They are not in Helmand today, where the armed forces need them. Why not? Because the Government did not know what to do—they left those helicopters languishing in a hangar while they decided what to do about them, so I will not take any lessons from him about actions that were taken 12 years ago.

Let me turn to another project for which the Minister would perhaps like to blame somebody else: the defence information infrastructure programme, which is designed to upgrade the network of all computers around the defence estate. The Public Accounts Committee says that it was "badly planned" and is running 18 months behind schedule and £182 million over budget. Then there is the Red Dragon project, in St. Athan in south Wales, which has proved to be another fiasco.

Mr. Hoyle: Where's John Smith?

Mr. Howarth: It is all right, we will send him a copy of this debate. I think that we know what he would say—we have heard it once or twice.

The Red Dragon project has proved to be another fiasco, with the Defence Committee accusing the Ministry of Defence and Welsh authorities of failing to "work together sufficiently closely," with the result that £113 million has been spent on creating just 45 jobs, instead of the target of 4,500. That is £2.5 million spent per job created.

Against that background, it is hardly surprising that the Office of Government Commerce last year issued an appalling verdict on the operation of Defence Equipment and Support. Among its criticisms was the following:

"overall, procurement staff lack broad commercial skills *essential* for the future".

It also noted that

"there is an acknowledged shortage of sufficiently *capable* commercial staff at all levels in the Department",

and stated:

"There is no single coherent view *of* procurement activity".

That is a pretty damning indictment.

In the defence industrial strategy and the defence technology strategy, the then Minister, the noble Lord Drayson—who at least knew what needed to be done—recognised the importance to national sovereignty of maintaining a healthy defence industrial base, underpinned by an active defence research programme. That science, innovation and technology budget was cut last year by 7 per cent., and it faces further cuts in the coming year. These reductions have been denounced by the Defence Committee, which said in its report, published at the end of February:

"If the UK is to *play* a meaningful role in the world in the future, sufficient funding for defence research needs to be ring-fenced. The MoD must recognise the very high priority of research and reverse the cut...if not, the role which *our* Armed Forces can play in the future risks being substantially diminished."

The impact on Britain's key defence industry threatens to be disastrous. The Royal Aeronautical Society has stated:

"The UK defence industrial base will decline, UK companies will lose their edge in world markets, global defence companies will not want to invest in the UK and ultimately the UK armed forces will lose access to the high quality domestic assets needed to support equipment in the field and to acquire weapons to meet their specific needs."

The examples I have set out are the criticisms not of the Conservative party, but of all-party groups in the House, composed of Members with considerable experience.

Why is this litany of failures so important? First, thanks to the financial carnage caused by the Prime Minister, we need to ensure that every penny of investment in defence achieves value for the taxpayer's money. The commercial skills involved in the procurement process need strengthening, with a greater emphasis on project management, as the Office of Government Commerce has suggested.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): From where does the hon. Gentleman think we are going to obtain significant competence in procurement, if such a capability is not developed as a consequence of the type of projects we have now? Does he think that the absence of procurement competence is unique to the Government sector, or does he believe that it is shared by the private sector?

Mr. Howarth: The hon. Lady poses an interesting question, to which I fear that I could give a long answer. I shall not do so, however. The private sector has demonstrated its greater ability to run major projects,

which is why we need to beef up the professional element of what used to be called the procurement executive—a better description of it, in my view. She has made an important point, but that is something we need to do. Pulling in a half-colonel straight off the front line and telling him to be an integrated project team leader is not the answer. We need professional project managers, with military personnel sitting alongside them to advise them on the practicalities and on what is needed in the field. However, there is a bigger debate to be had on this point.

Mr. Soames: May I suggest that my hon. Friend consider substantially expanding the courses on business expertise and leadership available to servicemen and women who go into the procurement field? This is such a specialist area, and a corps d'élite of managers with modern, up-to-date capabilities needs to be firmly embedded in the procurement process.

Mr. Howarth: Unsurprisingly, I agree with my hon. Friend that a tremendous amount of work needs to be done in this regard, and I am actively looking at this matter at the moment. Work is being done on this at Shrivenham and it needs to be strengthened—or beefed up, to use a more straightforward term.

Mention has been made of the inconsistency between the Ministry of Defence's core programme and the urgent operational requirements, which I accept are essential if we are to protect the lives of our servicemen and women. But where is the strategy for Land Systems to replace a fleet of 35 to 40-year-old CVRT armoured fighting vehicles? I haven't a clue what CVRT stands for. I think that is—

Mr. Deputy Speaker: Order. If the hon. Gentleman is not sure, I am sure that the House is mystified—and those outside the House even more so. Perhaps he can seek advice.

Hon. Members: Come on, Gerald, what are you going to do?

Mr. Howarth: I think I am going to phone a friend, actually. I am looking around for my hon. Friend the Member for Reigate (Mr. Blunt), who might bail me out. CVRT? I know that the "T" bit is "Tracked". Forgive me; I am sorry about this failure. Anyway, they are armoured fighting vehicles that are 35 to 40 years old, and I believe that the Department needs a strategy. The Minister mentioned new "dog"-type equipment—further to confuse us all—that is being introduced: Coyotes, Wolfhounds and goodness knows what. I do not believe that this is a substitute for a strategy; it is a strategy that we need.

The second reason why the litany of Government failures is so important is that we live in an increasingly dangerous and, as the Minister said, unpredictable world. Our failure to provide the nation with a defence insurance cover will render us and our way of life vulnerable. If the cold war taught us anything, it was the critical importance of deterrence. Since our last defence procurement debate, Russia launched with complete impunity an aggressive attack on Georgia, a sovereign state; troops have been deployed to the Arctic where Russia has staked a claim to 460,000 square miles of territory that scientists believe could prove rich in oil and gas deposits; and we have seen a resumption of incursions into UK airspace. Between now and 2015, Russia will spend more than $200 billion upgrading its forces.

Then there is Iran and the particular threat of the country acquiring nuclear weapons, which could be followed by nuclear proliferation and regional arms races. My hon. Friend the Member for Woodspring (Dr. Fox) has been vigorous in pointing out the potential risks to the region that might follow such a move by Tehran, which has already shown its intent to destabilise the region. The Minister and I are "ad idem" on these issues. He did not mention North Korea, but we have recently had confirmation that the country has launched its latest Taepodong-2 intercontinental ballistic missile. As we know, North Korea is not a country that has ever been too fussy about its customer base. Then there is the increasing threat to our sea lanes by Somali pirates and there are also cyber-threats, as mentioned earlier, which need to be taken very seriously indeed.

Those events illustrate the way in which the events we face can suddenly change. Mention was made earlier of the US Defence Secretary Bob Gates, who said last year that it was

"the war, not a war"

that required all our attention. Earlier this month he refined his position when he declared as one of his three key objectives the rebalancing of his department's programmes

"in order to institutionalise and enhance our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies."

Secretary Gates has shifted his position and understands that simply concentrating on winning the war in Afghanistan is not sufficient. The Minister made the same point and I agree with him.

Secretary Gates is determined to reform his procurement programme and we intend to do the same if we are returned to Government in the next 12 months. We have already made it clear that we will immediately undertake a defence review. It is imperative that our armed forces and UK industry have a clear picture of how a Conservative Government would view defence in the long term. We will begin by deciding what role Britain should play in the world, and we will then determine what capabilities are needed to fulfil that role and the cost of providing them. If we cannot afford the capability, the mission, not the capability, must change. That way, we would hope to end the failure of this Government properly to fund the duties we impose on our armed forces.

Industry and the Ministry of Defence must adapt to new principles of procurement. We call them the "Fox five" and they will guide individual programmes. The first is capability—does the equipment provide the capability to enable our armed forces to fight effectively? Secondly, there is affordability—can we afford the costs of acquisition and through-life maintenance? The third is adaptability—the platform must have the capability to adapt to meet potential future threats. The fourth is interoperability to allow integrated military operations with our allies, most importantly, of course, the United States. Fifthly, there is exportability—can the product be exportable, thereby reducing unit costs of equipment and sustaining the skills base in our own country?

[Mr. Gerald Howarth]

On day one, we plan to return the Defence Export Services Organisation to the Department where it belongs: the Ministry of Defence. In addition, the programmes must underpin our existing strategic relationships, particularly with the United States, and provide predictability to United Kingdom industry. The Government have begun a process of partnership with industry—questioned by the Minister's colleague, the hon. Member for Tamworth (Mr. Jenkins), and I think for very good reason—on which we would seek to build. We would have to, because if only one company in the United Kingdom can manufacture critical equipment over which we must have sovereign control, there is little alternative but to negotiate with that company.

There is evidence that industry is becoming far more nimble in offering unsolicited solutions and then dramatically reducing the time lines for the development of new equipment and putting it into operation. My hon. Friend the Member for Woodspring and I have visited BAE Systems and its Mantis programme—17 months from concept to first flight. That is the sort of thing that the Government should be looking to industry to be able to deliver. The missile manufacturer MBDA is undertaking at its own expense research that it then makes available to the Government. The case is similar with Fire Shadow. However, companies have to be more nimble, and Ministers and civil servants equally have to be more nimble in making decisions.

Mrs. Curtis-Thomas *rose—*

Mr. Howarth: I will not give way to the hon. Lady, if she will forgive me, because many hon. Members wish to speak and I gave way rather more than I should have done earlier on. I am approaching the end of my remarks.

The United Kingdom has more small and medium-sized companies than Spain, Germany, France and Italy put together, and we must find ways to support them and to allow them to continue to fuel the United Kingdom defence industry, because often they are where the innovation lies.

I have made a number of critical remarks and the Government have a lot to answer for to our armed forces for how they have managed the procurement programme, but I wish to end on a positive note. The public and some of us in the House believe that modern military operations should and can be quick and clinical, and that civilian casualties and collateral damage are avoidable. Such precision equipment to deliver that comes at a very high price—anybody who has been round a defence factory will have seen the magnitude and sophistication of the task involved.

Those of our fellow countrymen employed in the defence industry are engaged in the vital work of developing defence equipment to protect our armed forces and to remove with minimal collateral damage our enemies and those who threaten our national interests. Upon the continuing success of their endeavours depends our very freedom, for we cannot allow a situation to arise whereby the United Kingdom becomes dependent on any other country, not least our principal ally, the United States of America.

The House should pay tribute to those men and women in constituencies across the land whose innovation and skill provide our armed forces with the tools to do the job of protecting our freedoms. Those who protest at defence exhibitions are free to do so thanks to the ingenuity of the very men and women whom they so gratuitously insult.

5.53 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): Of all the decisions that Governments take, surely none is more important than that to send our forces overseas into combat. When that is done, I am sure the whole House agrees that it is imperative that everything is done to enable our forces to have the maximum opportunity to avoid loss of life and casualties when they are involved in such action. It is therefore understandable that in recent debates, and indeed to some extent in this debate, a lot of the focus has been on the need to provide proper equipment and support to our forces in Iraq and Afghanistan.

Recalling the discussions about Snatch Land Rovers and the new vehicles that are coming on, I think there is agreement across the House—there are certainly some signs of it—that real progress has been made, that the equipment that the forces concerned are now being provided with has been massively improved and that the Government are providing the support which we have an obligation to provide if we send our forces into such action.

These are hugely significant issues, but it is important that we do not lose focus on the major long-term decisions that the Ministry of Defence and the Government have to take. I refer to the major procurement decisions, which are very important and involve expenditure of large sums of money. The defence industrial strategy was welcomed for many reasons, but partly because there was recognition that if we were to be able to secure the advanced sophisticated equipment that we needed in certain areas, there would have to be a policy that deliberately encouraged and nourished the capability in certain high-technology sectors and certain aspects of military manufacturing. It important that the Government develop and build on that policy, because once we lose industries they are lost for ever. It is important that we make the investment, provide the support and have a proper defence industrial strategy.

In that context, what industry is more important than the aerospace industry? The aerospace industry is a huge British success story and it is a tribute to the people who work in it that so much has been achieved in relation to exports and being at the forefront. Companies have been winning head-to-head contracts in the United States for the joint strike fighter. Our aerospace and avionics sectors are a tremendous British success story—not just for the people who work in them, who are the key people, but in respect of the support that the Government have provided in the sectors over the years. Surely it is incumbent on the Government that they continue to provide the support that those industries need.

In that context, I want to make a few remarks about the Eurofighter Typhoon, which I have spoken about repeatedly over the years in this House of Commons. The first point to understand is that it is a great success story. Obviously, when people develop a new plane they

can never be quite sure how successful it will be, but the Royal Air Force and everyone who flies this plane seem to say that it is a tremendous achievement—an excellent plane to fly. Okay, we waited rather longer than we would have liked for tranche 2, but it came forward with the new precision ground attack capability. Tranche 2 is now delivering, and the Royal Air Force is, I think, expected to take between six and 20 aircraft a year.

The issue is tranche 3, of course. Reference has been made to that. It is vital that we do not have a prolonged delay. We must sustain this process. Major jobs are involved, as are companies such as BAE Systems and Rolls-Royce. In Edinburgh, we have a particular interest with Selex, now owned by Finmeccanica, where we have people who are at the forefront of technological advance in many sectors, such as lasers and radar. It is vital that those organisations can continue and be successful. They can do that only if they can see the future, get the investment and make it in research and development. Just as the tranche 2 plane was an advance on the tranche 1, the tranche 3 plane will be an advance in some key respects, including radar, on the tranche 2.

I cannot emphasise too strongly how important it is that the Government maintain their support for the Eurofighter Typhoon. Let us be clear: some of the reports we have heard have not been very encouraging. There have been suggestions that there would be some weakening in Government support. I strongly urge the Government not to go down that road. We have a successful area and a successful plane, and we know that we need to encourage and nourish those capabilities in companies throughout the country, so it is vital that we maintain our commitment. We can do that only by honouring what we signed up to in relation to tranche 3.

I will not be drawn on the various speculation, although I must say that while I would welcome any export orders, including the possibility of more planes going to Saudi Arabia, I am not awfully encouraged by the idea that there should be some substitution and that some of those planes should be allocated, as it were, to what was intended for the Royal Air Force. As I say, I will not be drawn into the detail of that. The fact is that there is a commitment and the Government are obliged to reach an agreement with our partners—with Spain, Germany and Italy.

Surely we have been in the lead on this matter—at the beginning, as hon. Members will recall, the Germans were reluctant—so now that we have such a success story and as we have more international interest and commitment than all those other European countries, it is vital that we are not found wanting, that we recognise the issue's importance to British industry and to the future, and that we go forward and support Eurofighter tranche 3. Let us have an early announcement, as soon as possible.

5.59 pm

Willie Rennie (Dunfermline and West Fife) (LD): In every defence debate we rightly pay tribute to the armed forces and the service that they give to the nation, and it is even more important for us to do that in the context of defence procurement. In my view, however, the best tribute that the House could pay our troops would be to provide them with the equipment that they deserve and desperately need. I believe that the Government are forcing the troops to change their mentality from "can do" to "make do", and that there is an urgent necessity for the Government to review what they are asking our troops to do in the front line when their circumstances are so challenging.

It is well over a year since I was a member of the Defence Committee. Just before I left, we took evidence from the then new defence procurement Minister, Lady Taylor. She replaced the highly respected Lord Drayson when he decided to go off and race cars around the desert. I understand that he is now back at the Cabinet table. Lord Drayson was determined to push through a second edition of the defence industrial strategy as a means of further strengthening the relationship between industry and Government, but as soon as Lady Taylor secured her seat she slammed on the brakes, saying that it was time to reflect and consider before publication. Surely a year is more than enough time in which to deliberate on whether we need a second defence industrial strategy. Lady Taylor was subsequently punted to the right, and we now have a new defence procurement Minister. Perhaps he can enlighten us on when we shall see a new strategy, because we desperately need one.

The Government's defence procurement strategy has been characterised by overblown commitments to the thousands of workers in dockyards and factories across the United Kingdom. As with their commitments in regard to public services, education and the health service, their delivery has fallen well short of expectations. I suppose that it is much better than the delivery under the Tory years, but that is not saying much. There have been extensive delays, overruns and cuts, and the workers have been let down badly by the present Government.

Let me give some examples. Although 12 Type 45 destroyers were promised, the number has been halved to six, yet the costs have risen dramatically. The Astute submarine is £1 billion over budget. The Chinook conversion, initiated by the Conservatives, will be delayed by up to nine years, with an extra cost of £200 million. The Nimrod MRA4 is eight years behind schedule and £1 billion over budget, which is leaving dangerous planes in the air and costing lives.

Angus Robertson: They are grounded now.

Willie Rennie: They are grounded, well beyond time. They should have been grounded a long time ago. The Minister knew that they were unsafe, but took no action to resolve the problem.

We have heard much about FRES, the future rapid effect system. We have spent an absolute fortune on it—some £132 million—but there has been no output whatsoever as a result.

Mrs. Curtis-Thomas: I am listening with great interest to what the hon. Gentleman is saying. Let me take up two of his points. First, we have placed contracts for 12 destroyers and we are picking up six of them, but anyone who visits Govan and asks about the impact that those orders have had will learn that it is substantial. Moreover, we have sought to manufacture the destroyers in the United Kingdom, and we are leading manufacturers in that particular area. Secondly, I greatly resent his comment that Ministers should have taken action with respect to a perceived danger. They would have taken action had there been a danger.

Willie Rennie: There was clearly a danger. If the hon. Lady had paid attention during the debate, she would have discovered that the Nimrod was extremely dangerous. Fuel was flooding out of the side of the plane and lying on the hot pipes, which blew up the plane. It was a clear example of sheer neglect. Airmen had been sent into the air to protect the troops on the ground. They felt that that was a tremendous obligation, which it was. Ministers should never have put themselves in such a position, and it was an outrage that that was allowed to happen. I think that the hon. Lady should ensure that she is a little better informed before entering into a debate on this issue.

As for the ships built in Glasgow—HMS Daring and the other Type 45 destroyers—we have done some tremendous work there and I am sure that the workers are delighted with the orders that they have received, but my point concerned overblown expectations. Although 12 destroyers had been promised, the number was cut in half.

Angus Robertson: Is it not important to place on record that there are 5,000 fewer shipbuilding jobs on the Clyde than in 1997? *[Interruption.]*

Willie Rennie: Nothing arouses passions more than SNP Members raising the subject of the Clyde during a debate, because their record is not particularly glowing. In this instance, however, we have lost thousands of jobs. *[Interruption.]*

Mr. Deputy Speaker: Order. There are relatively few Members in the Chamber, and we really do not want the debate to be disturbed by a lot of sedentary comments, from whichever quarter they may come.

Willie Rennie: Thank you, Mr. Deputy Speaker. I shall now move on.

The MARS or military afloat reach and sustainability project has been punted to the right, and the super-aircraft carriers—finally commissioned in Rosyth in my constituency, and a great, iconic project for the Forth—face a further two-year delay. Rather than securing a firm grip on defence procurement, the Government have simply added to the chaos. We have now been told that the delays, including the delay in producing the carriers, are not really delays but have more to do with "stretching" the process, with no real impact, in order to assist the industrial base.

While flattening the peaks and troughs will undoubtedly yield benefits, the motives for the decision were first and foremost financial, but the delay will not help the Government. As we have heard this afternoon, it will result in significant cost increases, in terms not just of the procurement or construction of the carriers but of the work that will have to be done on the current fleet to ensure that it lasts longer. When the Secretary of State for Defence made his announcement, he made no reference to the additional cost. If he had been a wee bit more frank, he would have made clear that this was not simply about saving but was about punting the cost into the future and, in fact, increasing it.

The urgent operational requirement budget has provided our troops in Iraq and Afghanistan with the equipment that the traditional defence procurement regime has markedly failed to provide over the last decade and more. However, the Government have decided to slash it by a third, from £900 million to about £635 million, at a time when we still have insufficient equipment, including helicopters, in Afghanistan. Given that the Prime Minister himself has indicated that we will be sending more troops to Afghanistan, there is clearly a longer-term commitment. Does the Minister believe that we now have enough equipment in Iraq for him to be able to slash the budget—it would be incredible if he did—or is this another example of the military covenant's being stretched to breaking point, and the Government's not backing up the military commitments that our troops are required to deliver with the necessary equipment to support them in conflict?

The world has changed significantly in the last 11 years. Asymmetric warfare now dominates, posing challenges to our armed forces, which are still configured like a cold war territorial defence. We need a strategic defence review so that we can engage in an open debate about what kind of armed forces we need for tomorrow's challenges. As part of that review, the Government need to look more fundamentally at European defence co-operation. The latest Defence Committee report on equipment made a conservative estimate of defence inflation—around 3 per cent. a year in real terms—but others have put it much higher, at about 8 per cent. That is well above the increases in the last comprehensive spending review. At this rate, even without procurement disasters, the salami slicing will continue, and will wear our capability down even further.

Mr. Gray: Leaving aside for a moment those magnificent procurement triumphs the Eurofighter and the A400M, can the hon. Gentleman name one trans-European co-operation in defence procurement that has gone well?

Willie Rennie: There is no doubt that there have been significant problems with European defence procurement, but that does not mean that we should abandon the principle.

Mr. Gray: Name one.

Willie Rennie: There are examples that have worked well. What we need to address is the fundamental issue of working with our European partners so that we can obtain the benefit. Lord Garden—who, sadly, has passed away—said it

"is a matter of arithmetic not politics",

and those who completely dismiss European defence co-operation need to provide an alternative answer to the continuing decline in British defence capability.

Mr. Wallace *rose—*

Willie Rennie: We want our armed forces to have the best kit and the capability to have an influence in the world. If that means deeper co-operation, then so be it. Others seem to have their heads in their hands—including, perhaps, the hon. Gentleman who wants to intervene—but it is essential that we are frank with ourselves and work with others where we possibly can.

Mr. Wallace: When the hon. Gentleman refers to further and deeper European co-operation, does he mean the level that we are reaching in Afghanistan and reached in Iraq, and the complete absence of European

countries' commitment to their word when it comes to backing up our armed forces who are doing their job on behalf of their countries' security?

Willie Rennie: Nothing wakes Tories from their sleep more effectively than the word "Europe"; they start foaming at the mouth at every opportunity when we mention it. It is absolutely clear that we need to get more from our European allies, but the hon. Gentleman should accept that although we have not had the commitment that we should have had from some of them, there are lots of countries, such as Denmark, which have given lots of troops to serve in Afghanistan. Some countries need to do more, but we should not ditch the principle just because we do not get the commitments we need from all countries. I shall move on, however, because I do not want to get the Conservatives too excited by mentioning Europe too often.

Like a bolt from the blue, during the recess the Government announced another set of job cuts at the Defence Storage and Distribution Agency, including at Crombie in my constituency. That was unexpected, as another review is currently under way, inspired by the Treasury. When the Minister winds up, will he explain why we have had another set of job cuts, as, unsurprisingly, morale is extremely low in the DSDA? Will he also tell us about the Treasury-inspired review, which I understand the MOD did not know about before the Treasury announced it? Is the MOD involved in that review and debate, and when can we expect to have some kind of answer?

Nuclear non-proliferation merits an investment of volumes of political capital. Over the next year, we have a tremendous window of opportunity in advance of the non-proliferation treaty talks. With President Obama impressively opening doors that have been padlocked shut for years, there is an opportunity to have serious and effective engagement with a range of countries, including the likes of Russia, Iran, North Korea and China, on a range of global matters, with nuclear weapons at the top of the list. Ultimately, nuclear non-proliferation is a political issue. As it requires political, rather than military, solutions, the signals we send in advance of those talks have to be strong and clear. This is not a time for vacuous comments or commitments that any junior student would see through in seconds.

The Prime Minister deserves some credit for investing time and effort on this agenda. He has made a number of high-profile keynote contributions, yet by announcing that the number of missile tubes in the replacement submarines will be cut from 16 to 12, he simply reinforced the status quo. It was a vacuous comment that was not appreciated by his audience and left the negotiators from other countries bemused.

Will the Minister confirm whether we will have four or three submarines for the replacement Trident, because Lord Malloch-Brown indicated in another place that we could no longer keep up a continuous sea deterrent with only three submarines? Will the Minister clarify whether we will have four? He is looking puzzled about this; perhaps he should check his colleague's comments in *Hansard* as he made a clear statement that we could no longer follow through on the commitment made in 2006 that we might have three replacement submarines rather than four. We need clarification on that because it was only about two and a half years ago that we agreed that there could be a commitment to cut the number to three, and I am sure that many hon. Members cast their vote on that basis. We need clarification on why the decision has, apparently, been made, and on what basis.

I agreed with the Prime Minister when he said recently:

> "We cannot expect to successfully exercise moral and political leadership in preventing the proliferation of nuclear weapons if we ourselves do not demonstrate leadership on the question of the disarmament of our own weapons."

However, the signal we sent out in 2006, when we agreed to renew the fleet of submarines and to enter into an agreement with the US on new missiles, was destructive. That decision need not have been made at that time; it was never necessary to make all the decisions back in 2006. Whatever the reasons for doing so were—such as, perhaps, support from the previous Prime Minister for the current Prime Minister—it was not necessary to make those decisions at that time, and it sends a message out to all those who will attend the NPT talks next year that we have no intention of giving up our nuclear deterrent until at least the middle of the century. I accept all the arguments about industrial drum beat and the necessary lead time for research, development and design, but making a full and, effectively, final decision on Trident six years before it was absolutely essential was unnecessary and reckless. We could by all means have made some of the decisions—the essential ones—at an earlier stage, but with main gate at around 2014, the big decision only needed to be made in advance of that. In fact, we should have a debate at initial gate too, rather than the announcement being snuck out in a recess.

Mr. Hoyle: The hon. Gentleman talks about drum beat, which is important to Barrow-in-Furness and keeping the skills there, but the key point is the necessity of taking the decision now if we are to keep our design skills in place. The people with such skills cannot simply be brought together and then design a submarine. Whether the wider decision is right or wrong is another matter, but the fact is that we must make the decision one way or the other and do so now, so I disagree with him.

Willie Rennie: I agree with that, and the hon. Gentleman should have listened more carefully to my comments as I referred to "all the decisions". Some of the decisions—the essential ones—could have been made at an earlier stage, but why make all the decisions then, because that sends a message out to the whole world that we are going to renew no matter what happens in the NPT talks in 2010? The hon. Gentleman might think that this is a subtle difference, but it is actually an extremely important difference. Many people—experts from outside the House—recognise that we had an extremely valid and powerful position and we should have stuck to it, but unfortunately not enough hon. Members agreed.

Linda Gilroy: I am a little confused as to whether the hon. Gentleman is arguing from a multilateralist or unilateralist point of view. Will he clarify that? We now have what is basically a minimum deterrent, and we need to keep that minimum deterrent in order to be part of the negotiations, not just in 2010 but beyond as well.

Willie Rennie: This is how things have happened in the past: we have made the main decision at main gate—we have not made all the decisions well in advance

[Willie Rennie]

of when it was necessary. I am a multilateralist, but I want to get rid of weapons, and I want to ensure that we have the right conditions so that we can have a decent set of talks in 2010 with no barriers in the way. What the House did in 2006 was put one big barrier in the way—or rather four now, not three—because people think that we are now committed to Trident until 2050. Some Members of this House may not want to get rid of nuclear weapons at all, but I do; I want to get rid of those weapons. A lot of people, however, seem to hold to the position that we should keep weapons no matter what.

Mr. Arbuthnot: I am following the hon. Gentleman's speech with enjoyment, but I am now confused as to why he is asking for an answer now about whether we have three or four submarines. Can that not be delayed until later?

Willie Rennie: I think that sending out a message on whether we are going for three or four is important because if we give the impression that, as well as the reduction in warheads, we will go down to three submarines, that would be significant—and what message does it send to the rest of the world if we are already going back on a commitment that was so recently made in this House? It is important for us to know whether the intention is to have three or four submarines.

Allowing the House to make decisions at a later stage would have significant advantages. It would send a message to the rest of the world that we were seriously contemplating a nuclear-free world. *[Interruption.]* The Conservatives scoff because they do not really believe in getting rid of nuclear weapons. They pretend that they are multilateralists, but in reality they want to keep nuclear weapons for ever. I may be an idealist, but I still hold out hope of getting rid of nuclear weapons, because that is what this country, and the world, deserves.

Mr. Gray: The hon. Gentleman is speaking from the Liberal Democrat Front Bench, and I am a little bit not up to date on Liberal Democrat policy. Given what he says from the Front Bench, when a Liberal Democrat Government are elected in 2010, will his party's new great leader be committed to abolishing Trident? What will his decision be?

Willie Rennie: We want the NPT talks in 2010 to be a great success, and we will put a huge amount of effort into making sure that they are a success.

Mr. Gray: So do we all.

Willie Rennie: That is doubtful. We have made no bones about the fact that we are in favour of renewing Trident after those talks if we are unsuccessful in them. We have made that absolutely clear. I am sure that the hon. Gentleman is being a wee bit mischievous. I will send him our policy document, since he has such great interest in our policy. He may benefit from reading it.

Waiting until 2012 or 2014 would give us a clearer view of the world. We could see how the world was at that time. Why make the decisions way before it is absolutely necessary to do so? We would also be able to weigh up the various defence and other expenditure priorities before putting a mark on the contract.

All is not lost; there is a way out for the Government, and I like to help them whenever I can. When the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), makes his winding-up speech, he could announce that he will allow the House to have a vote in 2012 or 2013 on the main gate decision on the replacement of Trident subs. I know that he has the power to do so; he has tremendous power within the Labour party, and he may allow us to have that vote. It is essential that in 2012 or 2013, the House is given the power to vote. There is also an indication that we should have some discussion at the initial gate stage, rather than the initial gate decision being snuck out in another recess. Perhaps the Minister could explore that possibility, too. Such an announcement today would be the most powerful boost that this country could give to those NPT talks in 2010. It is a powerful message that we could send to other countries, and I urge him to make that announcement today.

6.23 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): It is a pleasure to follow previous contributors, who have quoted extensively from the Defence Committee report on equipment. I want to mention a few good things that the Committee found, before highlighting some of our criticisms, and then I shall talk about what some of that means for my constituency.

Not everything that we had to say about the Ministry of Defence's procurement policy was bad, by any means. We remarked on the delivery of equipment and supplies to Iraq and Afghanistan in very challenging circumstances. In particular, our report commends the urgent operational requirements system as "highly effective" in meeting rapidly changing threats. One example is Jackal, a highly mobile weapons platform, manufactured in Devonport, which was introduced in Operation Herrick in 2008 in response to such an urgent operational requirement. The report also praises Defence Equipment and Support for its achievements to date, stating that the operation is heading in the right direction and has made good progress in improving the skills of its staff across a range of key acquisition disciplines.

I think that I am right in saying that the MOD is the only Department to have published its innovation procurement plan—something that all Departments have been asked to come up with to improve public procurement from the private sector, including the important small business sector. The hon. Member for Aldershot (Mr. Howarth), who spoke for Her Majesty's Opposition, seemed to be saying that procurement was still something of a basket case—those are my words, not his—but that cannot be so, because the Department's approach to strategic management and performance continues to attract interest from wider audiences, including other Departments, local authorities and indeed other nations' ministries or departments of defence. In addition, MOD performance managers are regularly invited to address and take part in international strategic and performance management symposiums. We need to be careful to get the balance right; there are some people in MOD defence procurement working very hard to get the right equipment to our front line in the theatres. It is important that somebody, apart from Ministers, stands up and says that.

The Defence Committee's third report of the Session on defence equipment did, of course, make some cogent criticisms, some of which have already been quoted. There is one that I particularly want to highlight, because I hope that the Under-Secretary of State for Defence, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), will, in responding, elaborate on what he said about the defence industrial strategy when he was before the Committee. It was originally expected that there would be a second DIS in December 2007, and there was a further deadline in the spring of 2008. When the Under-Secretary came before us, he said that he was "open-minded" about whether it made sense to have an updated version of the defence industrial strategy. My fellow Committee members could not understand that. The strategy is all about protecting the industrial skills bases, having identified the sovereign capabilities that we need. I look forward to his elaborating a bit, in front of the whole House, on what exactly he meant. However, it is of course true that the defence industrial strategy continues to inform the Government's procurement decisions in an important way that helps to maintain the skills base.

The part of the defence industrial strategy that exercises me and other Members of Parliament from in and around Plymouth and Devonport is the maritime change programme. I want to come back to that and how it affects Devonport at the conclusion of my speech. First, I want to say a bit about the Select Committee programme. Having concluded our work considering the equipment programme, we decided to set out the current state of the armed forces, in terms of readiness and capability, in a series of related areas of MOD policy and activity. We set out how the MOD must act to ensure that the armed forces have the proper training, organisation and capabilities for future challenges, drawing on the MOD's balanced scorecard, which was issued with the defence plan for 2008 to 2012. We hoped that using the MOD's own balanced scorecard would guide us to look in an appropriate way at the matters that are most important to ensuring that the men and women on the front line have the capability to meet the great challenges that we face in Iraq—although to a lesser extent now—and continue to face in Afghanistan.

Following through on that, we currently have an inquiry on readiness and recuperation for the tasks of today. It looks at preparedness, with regard to equipment in particular. It also considers procuring, training, and the sustainability of the interplay between the two for any new and immediate challenges. We are just setting out on a helicopter capability inquiry, and will then move on to look at an assessment of the intelligence, surveillance, target acquisition and reconnaissance—ISTAR—issues, with a focus on network-enabled capability. A further new inquiry—the comprehensive approach—will include consideration of the lessons that can be learned from experiences in both Iraq and Afghanistan and, as part of that, will consider what equipment is necessary for such situations.

Last week, Plymouth again woke to find stories in the media predicting doom and gloom for its defence sector. This time, they concerned the future base-porting arrangements for our 11 frigates. I understand that tomorrow's local papers contain further doom and gloom with the predicted move away from Plymouth of our submarines. There is a group of people who seem to thrive on talking Plymouth down and the rest of us are not always as vocal as we should be—or as supported by the MOD—in setting out how much Devonport remains at the heart of the MOD and, in particular, the naval service. There is considerable—and understandable—apprehension in the city as we wait for clarity, and that is set against the local backdrop of a 300-year-old relationship with the Navy and a national outlook of very challenging economic circumstances.

I know that Ministers have visited Plymouth, including my right hon. Friend who opened the debate—he is not in his place at the moment—and the Secretary of State. On more than one occasion my right hon. Friend the Minister of State has come to speak to the strategy group that I set up three years ago and now chair. He has also been generous in ensuring that if he cannot be present, he sends a senior civil servant to almost all our meetings to help to guide our thinking. We have also discussed this subject at length in numerous debates and many uncertainties have already been clarified on the record.

The Minister has previously stated—and repeated at the strategy group meeting earlier this year—that there will be no changes to base-porting arrangements for the next five years. I hope that my hon. Friend the Under-Secretary can confirm when he winds up that that guarantee still stands. Our unique and unsupplantable role as the only location capable of refitting and refuelling nuclear submarines remains, and was recently demonstrated by the signing of the refit contract for HMS Vigilant by the Secretary of State when he visited my constituency.

The Defence Estates review earmarked Devonport to become the centre of excellence for all deep maintenance—the long, complex refits and overhauls of ship and submarines that are lucrative in terms of money and jobs. Devonport will therefore remain home to the Navy's three large amphibious vessels, together with the relocation of Royal Marine landing craft to create an amphibious warfare cluster. Given the nature of the threats we currently face, and the uncertainty surrounding the threats that may emerge in the future, that is an exciting area of capability at the heart of the defence of our country in the 21st century.

We also remain the headquarters of Flag Officer Sea Training—a world-class establishment for the Royal Navy and other navies, bringing as many as 50 Royal Navy and foreign warships to Plymouth every year. We are successfully diversifying into other defence markets, notably the production of Jackal armoured vehicles, the relevance of which colleagues and I have seen demonstrated in our visits to Afghanistan. I hope that we will hear an announcement on further orders for those vehicles in the very near future, including variants of the initial model.

As the MOD struggles to make financial ends meet, I recommend that the Minister remembers certain points in relation to the maritime change programme, which has reached a crucial stage. Devonport dockyard and naval base—and the wider city of Plymouth—have assets and skills that are unique and indispensable. The people of Plymouth and Devonport show a depth of support for defence and the armed forces that is an unrivalled asset in itself and it would be extremely foolish to undermine it. We saw that on Friday when Plymouth people turned out in their thousands to welcome our commandos, especially 29 Commando, home. The

[Linda Gilroy]

Minister, who wrote a recognition report, would surely have been very impressed. There was a service of thanksgiving and a medal ceremony, and the returning troops were greeted with great warmth, dignity and respect for their service over the past six months on deployment in Afghanistan.

As the maintenance work on submarines and frigates reduces, we have played, and continue to be willing to play, a role in the end-of-life submarine disposal, but in return we expect and deserve the clear and continued support of the Ministry of Defence and a mutually beneficial relationship with the Royal Navy. The Minister and his colleagues have to understand that that willingness comes at a price. That price is that we remain a naval base that is not a pinned-on extra, but the naval base and dockyard that provides the centre of gravity for the Navy.

Supposedly, we live in the days of joined-up government in which—given that all things are equal between the dockyards in terms of quality of assets and of skills—the Treasury and the Government will expect the MOD to look to wider issues. The issue in which the Treasury and the Government will be interested in above all else is whether they will be handed a hospital pass when it comes to picking up the cost of shrinking the naval bases, which will be higher and more challenging than it need be if Devonport experiences greater shrinkage than the other naval bases. What we do in Devonport provides value for money, and it relies on men and women who are highly skilled—the equivalent of the proverbial rocket scientists—which is something that any sensible Government should value. That is not just because Devonport's facilities, assets and skills base are also flexible and future-proof—two terms that the Minister will have heard applied to warships, but that are equally true of the people that built, maintain and man them—but because Plymouth's prosperity has for the best part of several centuries depended on the dockyard and naval base.

The lamentable do nothing approach towards the dockyard of the Tories from the 1980s and 1990s, and the subsequent dole queues and run-down, are remembered with great fear. In those days, the dockyard employed some 17,000 people. We are now down to 3,500 or 4,000, and that is roughly where it should stay. We need clarity. My right hon. Friend the Minister of State confirmed today some of what he had said to us before, but it is time to get a grip on these issues and give us the clarity we deserve.

I said in a debate such as this in February 2004 that we were confident that what we had to offer at our naval base provided value for money. We did not want the opportunity that the review offered to be fudged. Nor should the decision be open to challenge. We want fairness, not favour, and I hope that that is what we will hear soon in clear announcements about the maritime change programme and the way ahead for Devonport.

6.39 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): We have just heard an excellent example of why the hon. Member for Plymouth, Sutton (Linda Gilroy) is such a valued and valuable member of the Defence Committee, although I would quibble a little with her suggestion that we did nothing for Plymouth in the 1990s. I remember spending at least £1 billion there and visiting on several occasions when I was a Defence Minister, because it was so important to entrench Plymouth's role as the future base of our submarines. Although I would quibble with that part of what she said, I agree with almost everything else. I want to follow the structure of some of her comments.

I want in particular to refer to the Select Committee on Defence's report about defence equipment, which we produced on 26 February. It was, I think, the most damning report that the Defence Committee has produced in this Parliament, and I shall come back to it in a few minutes.

Let me begin by saying that it is not all bad news. I hope that I do not breach a confidence in saying that about a month ago, along with the hon. Member for Plymouth, Sutton and a number of colleagues from this House and the other place, I was at a function that was addressed by somebody who plays an important part in auditing the accounts of the Ministry of Defence. He drew attention to the way in which the Ministry of Defence, in some ways, is streets ahead of other Government Departments, in this country and in others, in respect of procurement. He said—I think he was right—that some of the best procurements in this country and the Department mirror the best practices in the private sector.

He also pointed out that this is a field of great difficulty. If we compare the difficulty of the national health service's rolling out across the country a computer system that can communicate with itself, or of doing the same for the many police forces in this country, with the fact that the Ministry of Defence has had to do that with the Bowman communications system, which also has to be stuck in the back of a Land Rover and driven around battlefields in Afghanistan while being jammed and shot at, we begin to understand the complexity of the operation for the Ministry of Defence. Bowman, too, has had its difficulties—I remember them only too well—but it is turning into a real success story.

The Minister for the Armed Forces commented on the issue of fighting today's wars or tomorrow's wars, and said that in fighting today's wars we do not want irreparably to damage our ability to fight tomorrow's wars, wherever they may be. He is right, but Professor Hew Strachan, who is highly regarded in this field, has written articles and made speeches to suggest that on the current budget we cannot do both: we cannot afford to fight today's wars and tomorrow's wars, and we have to make a choice. My concern is that because of the Government's current strategy, we might be failing to make that choice and failing to fight properly today's wars and to prepare for future wars. That would be the worst of all worlds.

The Minister moved on to talk of the fleet of urgent operational requirements—I am bearing in mind Mr. Deputy Speaker's strictures about not using acronyms—and the number of military and armoured vehicles that are being bought under the urgent operational requirements system. Many people have already raised the difficulty that urgent operational requirements are beginning to cause.

The hon. Member for Plymouth, Sutton was right to say that the Defence Committee drew attention to the success of the UOR system and programme, but

nevertheless it produces in the Ministry of Defence a huge range of vehicles that make it much more expensive and difficult logistically to maintain and repair. I visited in my constituency recently one of the military schools that is training mechanics to repair those vehicles, and they are finding it extremely difficult because they have to learn how to repair so many vehicles.

The UOR system produces casualties and, frankly, I think that the FRES programme is one such casualty. It concerns the future rapid equipment—[Hon. Members: "Effects."] Yes, effects system. We are all beginning to forget what the future aspect of the acronym was meant to mean, but it has now become completely absurd. It certainly was not rapid, it was not particularly for the future, it has not been very effective and to describe it as a system would be ridiculous. In our report, we described it as a fiasco. Now we hear that the Scout variant of the FRES programme is to have priority. I do not think that anybody will have very much confidence in the notion that the initial gate will be in 10 months' time.

As a brand, FRES is meaningless. The Army has never decided what it wants and seems to be attempting to fight the battles of the last century in providing equipment that is mostly aimed at Russian hordes advancing across the German plains. The Government have shilly-shallied throughout the programme and one of the main requirements of the vehicle is that it should fit into an aircraft, the A400M, which, like FRES, looks unlikely ever to exist. The programme is a complete fiasco and it ought to be dropped. To suggest that the Scout variant of whatever it is should be part of a FRES programme would belittle whatever vehicle might come out of that process.

I am clearly getting into the subject of our equipment report of 2009. We were very concerned across the range. The hon. Member for Plymouth, Sutton mentioned the defence industrial strategy, and that was a good example of one of the concerns that we raised. When the chief of defence matériel appeared before us, he said:

> "I am absolutely clear, the Permanent Under-Secretary has been clear that we will publish DIS 2 as soon as we are able to. Chairman, I really cannot go beyond that."

Less than a month later, the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), came in front of us and said:

> "Whether it makes sense to have a second version of that, Defence Industrial Strategy 2, is a matter on which I am open-minded".

Of course, it is true that, as industry has told us, there is no point in having a document that is not backed up by money. It is also true that while the Government are delaying as many decisions as they can until after the general election—I was going to say "as they respectably can", but I think that we are past that point—there is no point in an updated strategy that nobody would believe. We should never have reached this point, however. The purpose of the entire defence industrial strategy was clarity, and that is what we lack and what the defence industry of this country lacks. I am afraid that I think that this is another fiasco.

Some mention has been made during this debate of aircraft carriers. My main concern about the aircraft carriers is that at the time of the strategic defence review, when a much larger surface fleet and a larger submarine fleet were introduced, the carriers fitted well into the overall balance of our armed forces. Since then, we have been fighting some serious wars. Money has been sucked from the Navy so that the proposed new balance of our forces is wholly skewed. The question now arises of whether the Navy is actually viable. There is certainly a real question about whether the tiny surface fleet that we will have will be able to maintain the sort of presence around the world that this trading maritime country needs and wants. I thought that the strategic defence review, which, when I was a Minister, I wrongly categorised as being a method of putting off decisions, was a very good document, but it is now time to do it again.

Mr. Soames: My right hon. Friend is doing himself down, because although at the time when he and I were Ministers together we should have had a defence review, it was not possible to have a defence review at the fag end of an existing Government. It had to be conducted by a new Government. The pity of the last defence review, which was in many ways excellent, was that it was neither properly measured against a foreign policy baseline nor properly funded.

Mr. Arbuthnot: I entirely agree with my hon. Friend. I want particularly to comment on the fact that it was not properly funded. Like the defence industrial strategy, the intention was that it should be properly funded—the Ministry of Defence believed that it would be—but somehow the Treasury got at it. I have quoted my hon. Friend on many occasions on which he has said that the Treasury was working for the Russians. It is a joke, of course—and it is a good joke—but the fact remains that the Treasury has to keep a hold on the purse strings. I wish, however, that it would do so on the basis of visiting the armed forces when they are deployed abroad rather more frequently, as that would give it the knowledge with which to make important decisions in the interests of this country.

I ought to conclude, because I want to end with the most important point that the Defence Committee made in its equipment report. It relates to defence research and development. The Committee said:

> "The UK's future military capability depends upon the investment made today in Research and Development and the military advantage achieved at any one time depends upon the R & D investment made over the previous 25 years."

That was not originally our comment—it was the Government's comment, made in the defence industrial strategy. However, one of the witnesses—the chief executive of the Society of British Aerospace Companies—told us that defence research spending was being cut by 7 per cent. this year. The Minister for the Armed Forces told us that

> "the MOD has to look at it from the point of view of priorities".

Yes, indeed. If the Government are right that the military advantage achieved at any one time depends on the R and D investment made over the previous 25 years, it should be the very highest priority, and clearly higher than the priority that the Minister gives it. Any other approach would be to let our forces down. The right hon. Member for Edinburgh, East (Dr. Strang) correctly said that there is no more important decision that we can make than to send our armed forces to fight for their country. If we do not make the right decisions on defence research and technology now, 25 years down the line it will be our children and grandchildren who pay the price.

6.53 pm

Mr. Lindsay Hoyle (Chorley) (Lab): This is an important debate, and I shall follow the Chairman of the Select Committee by taking up some of the points that he made, perhaps going into a little more detail on one or two of them. Yesterday in Chorley, a huge event—the Falklands remembrance service—took place. The veterans who came along were talking about kit, and what it was like in the Falklands: they lost a great deal of kit, and it did not suit the requirements at the time. We have to learn from what happened in the Falklands.

Linda Gilroy: I thank my hon. Friend for giving way so early in his speech. Has he, too, heard that at one point they were about to run out of ammunition for the equipment?

Mr. Hoyle: That is absolutely correct. Some of our so-called allies would not even supply the equipment and ammunition that we needed, so we must learn from those mistakes. It was right to celebrate those who gave their lives in the Falklands, and those who were seriously injured there and took part in yesterday's parade. I pay tribute to the Chorley branch of the Royal British Legion for organising that annual event: we ought not to forget those people who served us so well in the Falklands.

It is about the best kit, and the kit that we need. It is important, whatever the requirement, whether for helicopters or the new armoured vehicles, that we get the kit into theatre as quickly as possible. We cannot expect those people to risk their lives without the best kit. Part of that kit is the camouflage uniform, which is being made in China, of all places. Unfortunately, the cut and sew contract that we put out to tender was won by a company in Northern Ireland under the pretence that it was going to create jobs. The moment that it won the contract, it moved it to a state-run factory in China. We may hear—and I hope that we do not—that that is about best value, fairness and European competition rules. It has absolutely nothing to do with European procurement rules: the uniform is produced at a state-run factory in China, so there is unfair competition. It is not good for our troops, as there are problems with those uniforms. The camouflage is unique to the British Army, and we should ensure that it is best-print quality. The infrared aspects of that uniform should be correct, but I have to tell the Under-Secretary of State for Defence, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), that the uniform does not meet requirements. I believe that it is substandard—it is not good enough, and he needs to look at it now.

The cut and sew contract is coming up for renewal, and I hope that my hon. Friend will make the right decision and ensure that the uniform is made and printed in this country. My constituency has previously done that work, and it is doing the work for most armed forces around the world. In fact, we are supplying the Afghan army with uniforms. The contract was not put out to tender, because we know what a good job that company in my constituency does, so we gave it straight to the company. I hope that my hon. Friend will rethink the situation. We believe in the Warwick agreement—he will have heard about it—and supporting British jobs, which means procurement in this country.

Mrs. Curtis-Thomas: May I offer my hon. Friend some encouragement? Declassified destroyers that were being broken up in China have been moved to Liverpool dock, and the reason given for that is better environmental standards, as well as our ability to ensure that the workers are treated well and are not exposed to any risk. I hope that my hon. Friend will take that as encouragement that similar decisions may be made regarding uniforms.

Mr. Hoyle: I hope that, if that is a clear message to the Government, they are listening, so we can look forward to uniforms for the British Army being made in the UK. I take heart from my hon. Friend's comment. The Under-Secretary is listening carefully, and I am sure that he will want to give me good news as we progress.

It is about making sure that we get the right uniform, and ensuring that we produce it and look after British jobs, but it is also about the best kit, and making sure that it is of high quality. Much of the kit from China has had to be sent away to be repaired. That has been done quietly, so we have not known about all the things that have gone wrong regularly, such as buttons being missing and uniforms not being stitched properly and falling apart. I hope that the Under-Secretary takes that on board.

Another issue, which has been touched on by hon. Members, is the A400M, which fulfils a strategic heavy-lift requirement and is crucial to our future needs. The delays are unacceptable: we should shake all the other parties involved, and say, "Let's get on with it." In the end, we have little option. We have ended up with C-130s, and we have sweated as far as we can with them. The C-130 is a great workhorse—it is the backbone of the RAF's heavy-lift programme—but the problem is how much longer we can keep it in the air. Delays are not good for the future of heavy lift.

Of course the C-17 is a great aircraft, but we need something in the middle. The A400M would give us that heavy lift capability—the capability to lift a battle tank—which we should have but do not. The benefit is that it is a saleable asset around the world. If we produce good kit, we should ensure that there is a return to UK industry and jobs. There is not only a military but a civilian role for such an aircraft. We should support the project and get back on board with it. We should start kicking our partners to make them listen, shaking them by the neck, which I know the Minister is very good at, and saying, "Come on. Let's not let this programme fall away." We cannot have everything we want, but that is a capability that we cannot go back on.

Other speakers have touched on Typhoon. Tranche 3 is critical not just to the north-west, as I mentioned earlier, but to the RAF and its future requirements. I want to ensure that tranche 3 goes ahead. It is not too late to consider what will operate off the platform provided by the carriers. We ought not to rule out a Typhoon variant that could operate off the carriers. We have done the design work. We invested heavily and all the computer designs are available. It is a capability that we could fall back on, and that we should consider.

Typhoon is a world-leading aircraft—the best. There is nothing else to touch it, so please let us support it; let us push our partners, and let us not be the partner who wants to shy away from our commitment to tranche 3. It is crucial to jobs and skills in the north-west and to the supply chain in the components sector, as well. It is a good news story that we can sell. We know that other

countries around the world are keen to buy it, and we should ensure that it is at the forefront of our exports. We should be talking to Japan and delivering it to Japan. We know that countries in the middle east have been buying it. We want to sell it to further countries in the middle east. Let us not be afraid of exporting this quality aircraft. I know that that will be taken on board.

That brings me to the joint strike fighter, from which we benefit in the north-west at Samlesbury and Warton. It is a good aircraft that is good for jobs and for everything that we need, but there are questions of intellectual transfer. What type of joint strike fighter will be on the order books? What will we be allowed to build?

Mr. Soames: The hon. Gentleman always makes a good case for his region, but is he aware that the issue is not just intellectual rights? Thus far the JSF cannot carry the weapons configuration that we want. What has he to say about that?

Mr. Hoyle: We want to hear about that from those on the Government Front Bench. We need to know whether we will have the stowable version, what intellectual copyrights we still need to agree on, and what we will be allowed to build. Will we be allowed to build the full aircraft? Will we be allowed wholly to maintain the aircraft? The jobs in maintenance are important, and we must be clear that we can do deep maintenance. Full assembly is crucial.

I make a plea for Woodford, which is important to the north-west. The MRA4, the upgrading of Nimrod, is needed. The alternative is to buy second-hand aircraft from the Americans. Those aircraft are overpriced and are not as good. I hope my hon. Friend the Minister will rule out the American option and support jobs at Woodford; we need that commitment from Government. The issue drags on and on, and we cannot afford to lose the skills at Woodford and the technology that has been built up there. We are the world leader in aerospace, and the north-west is at the forefront. We must ensure that we keep those jobs.

Unmanned aerial vehicles are part of the future for Warton and Salmesbury. I want to ensure that we do not shy away from investment in research and development. We can lead the world in UAVs and we must do so. It is easy to save a pound now, but it will be a long-term cost in the future, not only in jobs and skills but in cutting-edge technology. I am presenting a great wish list, but it is one on which we can deliver, and I hope my hon. Friend will take that on board.

Barrow-in-Furness is a world leader in submarines and surface fleet, and we must ensure that work comes to it. The carriers are important. We know that there is a slight delay, but I want to know that there is a guarantee that we will stand by the two carriers that we promised. Those future large carriers are so important because of the work that they bring to the north-west. As we heard earlier, it is about the drumbeat—the ability of the team designing the submarines, and the need to continue with other work to make sure that the skills in Barrow are not lost. It is important that submarine and surface fleet work continue to come to Barrow.

Barrow has had great news. It has been leader in the development of the howitzer, a specialist field gun that has been sold to the Americans. A £1 billion order is to be delivered, and others around the world want the cutting-edge gun. I hope that it is good not only for us, but for exports. I hope that a second contract comes from America, which will ensure that jobs at Barrow are protected. The Australians want to talk to us about the howitzer, as do other Governments, including the Canadian Government. Will my hon. Friend be at the forefront of ensuring that those exports take place and support BAE in whatever it needs to export that gun around the world?

It would be remiss of me not to mention the neighbouring constituency covering Bolton. MBDA is a leader in missile technology. BVRAAM and much else that we need have come out of Lostock. How can we ensure that contracts continue to come in, so that those skills are not lost in research and development and in the manufacturing facility? I look to the Minister to help ensure that MBDA continues to have a bright future. We lead the world in some of the missiles that we produce. We cannot afford to give up on that. It is one of the strategic values that we must keep in this country.

We have all those skills and we are putting so much money into defence and procurement. What can be done to ensure that we benefit from technology transfer? That is a way of ensuring that procurement becomes cheaper. The transfer of the skills, designs, knowledge, research and development is not about killing people. It is about supporting people, which is so important.

Leyland Trucks supplied the light vehicle for many years. Now the contract has gone to MAN, which bought ERF, which pretended that it would build in the UK. ERF has closed down, so MAN is supplying from Germany and has a two-bit garage to maintain the vehicles it is supplying to us. That is not good enough. We should have looked to support our truck manufacturer in this country. There is a chance to support Leyland Trucks, which produced the DROPS—demountable rack offload and pickup system—vehicles for moving ammunition around the battlefield. We have created a slight delay in the deep maintenance and upgrade of those trucks. It is important to ensure that some work goes to Leyland Trucks, because we cannot afford to lose another truck manufacturer in the UK. If the Minister looked at that issue quickly, I would be very grateful, because we have introduced a delay and we should not have done so. The DROPS trucks are needed.

The Territorial Army is a key factor. It is the backbone; it is the support that we need to give to our troops. Wherever we call on the TA, whether in Iraq or Afghanistan, it is there to support us, so I ask my hon. Friend the Minister, please do not cut its budget or its numbers. Let us ensure that it, too, has the best equipment and gets all the support it needs. The TA is the real back-up for our medical needs on the front line of the battlefield. C Squadron at Chorley has been out in Afghanistan and played its role, so I hope the Minister will acknowledge what a good role the TA plays and what a good future it will have under this Government. Let us not choose the easy option of nibbling away at the TA to try to save a few pence. It is easy to become penny-wise and pound-foolish, as he would be doing if he took that route.

The cadets are also important, so why should they lug around rifles from yester-year? Is it not time to ensure that their equipment is brought up to date? Will the Minister ensure that the cadets at Chorley and other TA cadets throughout the country also have better kit?

[Mr. Hoyle]

Let us supply it, because if we want to recruit and get our forces up to strength, we will do so by looking after the cadets and the TA. That is how we will meet future requirements. I hope that my hon. Friend the Minister has taken that on board, and I look forward to positive news from him, and to our troops marching in uniforms that have been printed and produced in the UK.

7.12 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): I warmly endorse many points that the hon. Member for Chorley (Mr. Hoyle) has made. He is a staunch defender of all things defence and knows a good deal about it. Whether he is right about the uniforms, I do not know, but he is certainly right about the Territorial Army and the cadets. May I urge the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), if he is not beyond urging, to address the issue? To make cuts to the TA now would be an act of grotesque folly. I hope that he will see that that is not done, and in his winding-up speech, I should like an assurance to that end.

This is a debate about defence procurement, but defence procurement in the context of the soldiers, sailors and airmen who have to use the equipment. As the Iraq operations come to an end, too soon in my view, we can say here without any shadow of a doubt, as we always do, that British troops have performed with the greatest courage, skill and determination. There were some serious dramas about the equipment to start with, but it is important that the lessons of the Iraq conflict be learned and applied to the operations in Afghanistan. Rather disappointingly, as a matter of fact, the Americans are much better at the lessons learned operations than we are. Here, the Royal Air Force, the Royal Navy and the Army—the individual services—get at it and grub away at it, and by the time a moderately successful operation has been staffed up, it comes out as one of the greatest military successes of all time.

We need to be much franker with ourselves—much more serious about the scale of the problems that we have faced. We have faced some serious problems in Iraq, not just with equipment but with military advice and many other issues. Given the difficult operation in Afghanistan, those problems need to be carefully dealt with, because one thing that bedevilled the Iraq operation, as always, was the improper architecture at the heart of Government for prosecuting such operations. No one figure had complete ownership of the problem, but there must be a single person who is responsible for the prosecution of the war. This House can be assured that no Conservative Government would ever send British troops into battle without a detailed plan of what to do after they had taken over. May I remind Defence Ministers that, despite the most vigorous questioning, my right hon. and learned Friend the Member for Devizes (Mr. Ancram), I and my hon. Friend the Member for North Essex (Mr. Jenkin) did not receive any proper answers.

The operation in Iraq was a catastrophe for the first few months after the military phase. The war among the people—the Rupert Smith theory of modern warfare—was never more obvious than in the months after that phase in Iraq, so we must learn those lessons very well, given what is happening and will continue to happen in Afghanistan.

Mrs. Curtis-Thomas: I was very fortunate to visit a forces logistics centre not so many months ago, and I talked to the staff about precisely the problems that the hon. Gentleman presents. I was told very clearly that as the decision to go to war was pending a vote in the House, until the vote was taken, the forces took no action to prepare for the engagement or for anything that happened afterwards, because had they done so, they would have been complicit in the argument that decisions had been made in advance of the House doing so. They were placed in tremendous difficulty, so what is his view on the House having the right to vote on whether the country goes to war, given the problems that it presents to our armed forces when such decisions are made?

Mr. Soames: The hon. Lady is only partially right. The delay in ordering kit was nothing to do with a vote in the House, where the Government had a substantial majority and could be assured of getting their way; the decision to delay any ordering of substantial amounts of equipment was based on the wait for a United Nations vote. I went to see the then Secretary of State for Defence—he is now the Secretary of State for Transport—to discuss the issue, and people were clearly in limbo. They knew perfectly well that we were going to war, but they could not submit orders for the fatuous reason that they could not take the necessary risk and put themselves in the right place in case the UN should not approve of the operation. The war was delayed for that reason.

We will never send troops as they were sent last time. They must never again be sent to fight without the proper equipment, training and, particularly, health and welfare structure to look after them on their return.

Mr. Jenkin: May I place a slightly different emphasis on these events? I was talking to Ministers at the time, and without breaching any confidences, I can say that it was quite clear, as my hon. Friend says, that we were going to go to war. However, there were ministerial decisions to try to disguise decisions that were being taken as having nothing to do with the possibility of invading Iraq, and to delay decisions that were obviously to do with that possibility, because they were embarrassing the Government. It might have embarrassed Ministers if they had pre-empted a decision that Parliament was going to take, when it would have been responsible to let Vickers tool up the tanks for desert warfare, for example, instead of waiting until the last minute.

Mr. Soames: My hon. Friend is completely right. As I said to the hon. Member for Crosby (Mrs. Curtis-Thomas), the prime point was the UN vote, on which the vote in this House was conditional. I agree with my hon. Friend, however; there is an unparliamentary word and I cannot use it, but suffice to say, it was fantastically unwise and not very brave of the Government to take a risk, knowing that they were going to send into war troops who did not have the proper equipment, not to go ahead and make the order. I remember that in the Falklands war, ships were put to sea with civilian crews still on board tooling them up, and they got off at the Ascension islands.

We should have been much more energetic, but I pay tribute to the work at the Ministry of Defence not only of the soldiers but of the civilians, who marvellously support our troops. When I was a Defence Minister, I was very proud to work alongside the civilian staff, who were incredibly proud of and very good at what they did. My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) was so right to say that because the problems of the Ministry of Defence are enormous, they are magnified tenfold. Fundamentally, however, it is one of the best-run Departments in Whitehall. Nothing is too much trouble for it, but the fact was that we were not equipped and we did not, in my view, have the correct military doctrine for what was going to follow on in Iraq. As I said, I hope that those lessons have now been learned and that we will not suffer such problems in Afghanistan.

I would like the Minister to find out—I do not expect him to know—whether the architecture for the conduct of operations in Afghanistan is different from that for Iraq. Has it changed? We know of the terrible problems of the Department for International Development, which is unable to act in areas that are remotely hostile because of the views that it takes. That position is perfectly reasonable. Nevertheless, there are still people who are worried about the conduct of operations in Afghanistan, and I would be grateful if the Minister reassured me on that.

In my judgment, most of the programmes that we have been discussing today remain unaffordable. I want to make two points about the Navy. First, the carrier programme is much too expensive. The ships are much too big and the aeroplanes are much too costly. We will need to look at it all again and decide whether we need ships of that size. I totally endorse, as did the 1997 defence review and my right hon. Friend the Member for North-East Hampshire, the concept of "go away"—of being fully deployable. There is no doubt that the "fully deployable" concept is right, and that the carriers would be useful, but is the air power required proportionate to or necessary for what we need, bearing in mind that we will never go to war again on an expeditionary basis without being part of a coalition, and that one part of that coalition has massive air power?

My second point is that the Type 45s, the Daring class, are magnificent ships—some of the greatest that this country will ever own. Their technology is simply unmatched and they are extraordinarily powerful. However, as we have said for 10 years, ships can be in only one place at a time. I am afraid to say that the Navy is a shrunken beast; it has shrunk substantially since my right hon. Friend and I were at the Ministry of Defence, when it was also shrinking—we got rid of too many ships. However, now the Navy is suffering from a problem of critical mass.

Since the Minister's party came to power, about a fifth of the whole operational side of the Royal Navy and the Royal Fleet Auxiliary Service's total fleet has been cut. Furthermore, frigate and destroyer numbers have fallen from 35 to 25, which is way below what the strategic defence review said was the minimum requirement to carry out the standing tasks of the Royal Navy, and the number is due to fall to 23. The number of attack submarines has been cut from 12 to eight, and will fall to seven. That is a really catastrophic situation for a maritime power—an island—that is dependent on keeping the sea lanes open. If we faced a terrible difficulty, we would have to be able to secure our sea lanes, but the truth is that we could not secure anything. We are now a very minor sea power with some wonderful people and very good but very small ships. We also have some terrible gaps. There is a serious problem.

We have done what we have done throughout so much of our procurement—we have bought equipment that still lives in the cold war era. The Daring class radars are some of the most sophisticated and powerful in the world; they can enable a golf ball to be shot down at 700 miles or something. That is terribly useful, but it will not be necessary. We need many smaller ships capable of dealing with such events as the pirate operations in the lower gulf. There is no point in sending a Daring class destroyer to deal with Somali pirates—we could blow them out of the water with a .50 Browning. We would not need a fully gunned-up warship. The Danes have a good range of ships, which are much smaller and lightly armed. They carry good weapons and small crews and can operate pretty much anywhere in the world. We need such ships for the next generation of warfare.

We really need three or four HMS Oceans, and, if necessary, a bigger HMS Ocean to carry a short take-off/vertical landing version of whatever aeroplane is involved. We do not need enormous carriers. There is no point in having only two carriers; there have to be three if there is to be proper rotation. They will be a terrible drain on the existing surface vessels of the fleet, and we do not have enough submarines to protect them. The whole thing is geared towards a cold war concept, but all the planners will tell the Minister that, as he knows, the concept of warfare for the next 20 years will be very different from anything that went before.

We are going back to the arguments about the tank and the horse, when the British Army had to be persuaded that, sadly, the day of the horse in battle had gone and that it had to be replaced by the tank and armoured car. We are at that sort of moment now, and we are building a lot of the wrong kit. That is why the future rapid effects system, or FRES, order is so important; it contains all the things required to enable soldiers to operate in a more forward way, using all the relevant communications. However, my right hon. Friend is completely right: one has almost given up on FRES ever appearing.

Mr. Hoyle: I agree with a lot of what the hon. Gentleman has said, but now he seems to be arguing that we should go back to the horse rather than go forward with the tank. We do need big carriers because we need floating platforms. Even in Sierra Leone, we would need a platform to operate from. Carriers are useful, and we do not know what will be needed around the world. I would have thought that he would support modernisation, rather than going back to the horse.

Mr. Soames: I am grateful to the hon. Gentleman. I know that I am not a very good speaker, but I have been doing my best to say that we need carriers, although not of the size that have been ordered. We need carriers such as HMS Ocean; if he has not seen it, I strongly recommend that he has a look. It is a very impressive operation. It can carry helicopters and commandoes; HMS Bulwark and HMS Albion, the commando carriers, are fantastic ships. We do not need to build monstrous leviathans in an age when we need to be light, agile and flexible.

[Mr. Soames]

Actually, I am a horse—I am so in favour of them that I would certainly have been on the wrong side of the argument in 1939. However, the fact is that the cold war and the age of set-piece battles with nations have long gone. Of course we need to retain the ability to prosecute such a war, but in our own way. It is terrible to say, but we have to acknowledge that we are no longer a first-rate military power. We have one of the best armies in the world. The men and women of our armed forces are the benchmark by which, by and large, all other armed forces judge their people. Our equipment, however, is most definitely not such a benchmark.

Mr. Bob Ainsworth: I thank the hon. Gentleman, who is very knowledgeable; we always listen to what he says. Basically, he is saying that we need smaller carriers than the large ones that we are going to buy because he wants money to be moved elsewhere. However, how much money does he seriously think would be saved if we cut the size of the carriers? It is not their size that brings the cost, but the kit that goes into them, their capability and what flies off them. His proposal for smaller carriers would surely not release funding for spending elsewhere.

Mr. Soames: I am in the fortunate position of not being party to the sums, which is a great thing when one is speaking about defence. None of my argument in respect of the carriers is about saving money; it is about having the right kit. The hon. Member for Chorley (Mr. Hoyle) raises a fundamental point. In defence now, we have to do the right thing. If the uniforms in Chorley are not the right ones for the Army to buy, we must say, "Even though we all love the hon. Gentleman with a passion and think that he has a spiffing constituency and they are jolly good people who make the kit, we are going to give the contract to someone else—very sorry." We need to make a whole lot of those decisions, which will be very uncomfortable for whoever comes into power.

Mr. Ellwood: My hon. Friend compares HMS Ocean with the aircraft carriers. Does he agree that our operations will not be in a cold war scenario, although that could come back, or necessarily in a modern-day counter-insurgency, but that whatever scenario we face, we are unlikely just to need to pack our bags and go home after the actual war fighting has finished? That has changed—we have to stay around and do the peacekeeping as well, and that is why we require the likes of HMS Ocean over the aircraft carriers.

Mr. Soames: I do not agree with my hon. Friend. I have made the point that war among the people is the way that things are going to go. Of course we have to stay on afterwards. We do not need aircraft carriers to have people hanging around—they can hang around on HMS Ocean. We do not need these vast ships, with all that it takes to keep them at sea and the tremendous amount of escort involved. The Daring class ships are for the purpose of air defence—they are built to defend an aircraft carrier, which is a tremendously limiting factor in their use. I am pleading on the Navy's behalf, although the Navy always thought I was too hard on it. It must have more ships if it is to be able to do the simply wonderful work that it has always done all over the world. More credit attaches to this country through the work of the Royal Navy down the generations than anyone in this House could possibly imagine.

I want to ask the Minister what planning is going on to cover the eventualities that will arise in procurement over the next 20 to 30 years given the different conflicts that are likely to occur. The Government, whoever they are, will have to take a risk by working out what is the most likely type of conflict that we will have to undertake in the next 30 years. If my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) really believes that Britain is in a position to take part in every level of conflict, he is wrong—we can no longer do that. We will have to make some very difficult decisions about which particular specialities we are going to stick to, pay for and be a big part of.

I want to say a few words about Trident. The arguments on Trident are not yet settled. I voted to renew the deterrent because there must be some form of deterrent, but the arguments have not yet been had in public in nearly an adequate enough way to warrant the spending of this nation's treasure on the scale that will be required. This is not a question of who is a member of CND or who is against CND. It is really difficult in these times to answer the question whether we need to renew the Trident system in some form or another. If the new system were to go ahead and I were a Defence Minister, I would absolutely insist that it came off the Ministry of Defence's budget and went on to the Prime Minister's budget—that the MOD paid not one penny towards building it and that it be paid for out of central Government funds and then handed over to be run by the Navy.

Mr. Gray: My hon. Friend is making an absolutely central point. It is interesting that the Government have not so far said how the replacement for Trident will be funded. The Minister—who is not listening—might like to intervene on him to let us know precisely what plans they have to fund it. If it comes out of the MOD's budgets, the MOD will be even more overstretched than it is at the moment.

Mr. Soames: It will be one or the other; I am not making a political point. I am sorry to disappoint my hon. Friend. I do not know where the money is coming from. The Government have not worked it out yet, and we have no clue as to where it is going to come from, but the system will need to be paid for if we decide to have it. This is not just a straightforward yah-boo question of who is in favour of it and who is against. Some of the most important fighting men in this country are profoundly against a new Trident system. Some of the most thoughtful people are against it; some very good people are very much in favour of it. It is a very important, serious and expensive decision that will not be settled by having some sort of spat. The decision will have a profound effect on our status and role in the world and how we are perceived: if we were to give up the system, what impact would that have on all kinds of other things that we do?

I endorse what my very wise right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), the Chairman of the Defence Committee, said about defence science. I beg the Minister not to cut the defence science budget. We are now in a period where we are moving to a completely new type of warfare. Of course

we have to keep our hand in as regards all the other aspects, but over the next 20 years we will be asked to fight not in nation-to-nation conflict but war among the people. I commend Rupert Smith's book to anyone who has not read it—it is interesting, wise and profound. We need to remake the armed forces in light of the threats that we will have to encounter in future, not those that we have encountered in the past. The wars that we will fight will be more like Afghanistan than D-day, and we must equip ourselves for that. Our aeroplanes, helicopters, training, infantry and weaponry—everything that goes to make up the modern battlefield—have to be right. We do not have the money to have anything going spare. We are not like the Americans, who are refashioning their whole doctrine on the basis of lessons that they learned in Iraq in a way that one would not believe possible. I do not know whether the Minister has been invited to Fort Leavenworth to see it, but the way in which they retrain is absolutely astonishing. They used to take lectures from us about counter-insurgency operations, as if we knew the answers, but they have completely retrained the army that has fought in Iraq and Afghanistan.

In conclusion—I am sorry for going on for so long, Mr. Deputy Speaker—the next Government will have to decide whether Britain wants to play a role in the world. The last defence review by Lord Robertson was a really excellent piece of work, in my view. I would be very surprised if many of its supporting documents have to be substantially rewritten for today; certainly, the stuff on deployability will not have to be. Britain has to decide if she wants to continue to play a real role in the world. If we are to do so, we will have to find the money and the will to fashion a new, less sophisticated approach—much of the equipment that we are buying is too sophisticated—with more specialist equipment to deal with the wars and conflicts that our people are going to take part in. I would not want to see Britain doing anything other than playing a very full role in the world—that is to say, retaining not only the ability to conduct a high-intensity land battle but the extraordinary gift that British soldiers have of being able to switch that off in moments and, 25 yd further along the street, indulge in some real, serious nation-building and peacekeeping. That is the great brilliance of the British soldier: the question is whether our armed forces will be given the money to be able to do it.

7.39 pm

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I shall confine my remarks to my experience as a member of the European Security and Defence Assembly, which meets regularly and brings together representatives of all European countries, including the accession states, and visitors from Russia, Canada and Australia. We discuss a number of security and defence issues that pertain to the European context, and some of our discussions have been reflected in today's debate. I wish to focus my comments on the papers that are currently being prepared on armoured personnel carriers, cyber warfare, the review of the Airbus A400M procurement and the Boxer armed personnel carrier.

I begin by saying that we should understand that the UK currently has 790,000 people engaged in the defence industry, supported this year alone by a £7.156 billion budget. It is an extremely big industry, and some of the comments and aspirations that I have heard today have been utopian given that we are dealing with the employment of 790,000 people. It is difficult to ask such a contingent of individuals to be fleet of foot, because that is not possible.

I have learned in the past couple of years that the industry is peculiar in terms of the gap between order placement and order delivery, simply because it is like no other industry in the size of orders and the size of the individual units purchased. Some colleagues might ask, "What about private aeronautics? What about the big air companies?" I shall come to them in a minute, because in fact it is a big private, commercial air company, Airbus, that is involved in the development of the A400M, and we know what difficulties it has run into. Those difficulties have arisen as a direct result of the company coming out of the private sector, which has very limited aeronautic requirements, and into the military sector, which has far more technically complex and demanding requirements.

I wish to comment on the work that is being done on armoured personnel carriers. I think that in the past six months, I have visited every armoured personnel carrier manufacturer operating in Europe. That means every one in the world, because the companies involved are either American with a European operational base or European with a significant presence in the US. What I have noted—it has surprised me and goes to the comments of the hon. Member for Mid-Sussex (Mr. Soames)—is the tremendous number of vehicles available from which countries can choose.

Just 10 years ago there were a very limited number of models of armed personnel carriers, and I think that it is fair to take that one product as a typical example of what is now available in the defence catalogues. Defence armoured personnel carrier models then numbered not many more than three or four. Their procurement would be an ideal project for OCCAR to be involved in. We have not heard mention of OCCAR today, but it is the procurement agency that was established by European countries to purchase on a common platform. It failed at the first hurdle to tackle that task, simply because each army in each country has its own specification and requirements. One armoured personnel carrier may operate in exactly the same environment as another that is managed by a different country's army, but that does not matter. Apparently, the specifications for operating in the same area are very different. That is great news for the producers of the carriers but very bad news for us, because there is no capitalising on general procurement and no opportunity to capitalise on the innovation that has been applied to a vehicle by mass purchasing it as a direct consequence of that.

My experience is, and I have been told, that the number of armoured personnel carriers will continue to grow. The carriers will diversify and there will be far more specialism, which is what armed services now want. Much of the debate has been about not only getting things right now but planning for the future. I have spoken to front-line staff, and I am afraid that they are not thinking very much about the future; they are dealing with the problems now. The industry is responding to the now and offering people exactly what they want, for which there is a price to be paid.

Mr. Soames: May I help the hon. Lady, who makes a very good point? The people she has been talking to are not paid to think about what is going to happen in

[Mr. Soames]

future. They are there to do exactly as she describes—get on and get the kit out. All three services have the extraordinary single-service plan system, which we must dismantle because it clogs up the whole machine. There should be a purple operation that buys the right kit for the right service. An incoming Government will have to deal very toughly with the single-service structures to make them much more purple.

Mrs. Curtis-Thomas: The hon. Gentleman talks about the right kit, and that is what gives companies a great opportunity. Who defines what is the right kit at any moment? There is no ubiquitous environment in which that kit operates. A field commander in one area will say, "I want this specifically," and a field commander in another area will say, "I want that specifically." It is then a question of creating common platforms. The number of units of kit required in an area might be so small that the capital cost of developing the facility is far higher than it would be if there were common agreement by a number of countries about what they wanted.

On the procurement of the Boxer, the UK played a significant role in its development, but in the end we pulled out because it was not diversifying enough to meet our operational requirements. That said, the company responsible for manufacturing it has gone ahead and produced it. It has a product that sits on the shelf, and sales are growing. I have listened to arguments about letting the private sector have its head and produce far more products out of its own stables rather than being led by defence requirements. In fact, that is exactly where the private sector believes it ought to be. It does not want Governments to specify their own kit. It thinks that it is so knowledgeable that it can produce kit that meets the needs of an environment at significantly less cost.

I have listened keenly to the arguments and comments, but we have not reached a position of saying that the private sector should have a far greater role in defining the kit than the public sector, or of understanding where the public and private sectors sit.

Mr. Gray: I am listening carefully to the complicated argument that the hon. Lady is advancing, and I am little puzzled by it. Is she seriously saying that rather than ask the private sector to produce a variety of equipment of one sort or another and then seek to sell it to national Governments around the world, it would be better if somehow those Governments got together, agreed on a standardised specification and then asked the private sector to deliver it? Surely the former is better than the latter, although, as demonstrated amply by the Russian Republic, we should go no further than that.

Mrs. Curtis-Thomas: That is precisely what OCCAR has set out to do.

Mr. Gray: It has failed.

Mrs. Curtis-Thomas: Yes, but against what criteria? The hon. Member for Dunfermline and West Fife (Willie Rennie) alluded to OCCAR's role and its importance. Its role is to get consensus between countries on procuring specific pieces of kit. I hope that colleagues understand why that is such an attractive option. It means that one gets kit for less cost per unit because the cost of developing the unit is shared. Unless we can bite that bullet, we are back to making our own specifications at higher cost. That means that the holy grail of getting something cheaper will never be attainable for us. We might gain when the private sector produces vehicles based on the tremendous investment that we have put into those companies. The investment of successive Governments in the private sector, especially defence, is considerable, allowing it to have the competence that we would like in the public sector, but will never now gain.

Mr. Wallace: Does the hon. Lady recognise that one thing that makes our armed forces among the greatest in the world is our allowing them to lead and help shape need? That means configurations that suit our commanders and equipment that makes us better than our counterparts. We must let our armed forces be at the forefront of design, otherwise we will end up with standardised armed forces, which show little initiative and have little advantage over our opponents.

Mrs. Curtis-Thomas: I do not disagree with the hon. Gentleman's arguments—I fully understand them. However, today I have heard a debate about costs, timely procurement and meeting forces' expectations quickly, and the arguments that he has advanced militate against achieving those objectives. If we allow decisions about kit specifications to rest entirely with the armed forces, we will experience the problems about which we have heard, especially those that the hon. Member for Mid-Sussex enunciated. Expectations change faster than the time that lags between placing an initial order and delivery.

There are great merits in a common European platform for standard core kit. One benefit of a standard core kit is supporting common European deployments. A good example of that is the humanitarian role that we played in Chad, where 26 countries were represented, all with their own pieces of kit—*[Interruption.]* The hon. Member for Westbury (Dr. Murrison) made a sedentary comment, which I did not hear. Does he wish to intervene?

Dr. Andrew Murrison (Westbury) (Con): I did not intend to intervene, but I thank the hon. Lady for the opportunity. What she describes sounds like a NATO stock number.

Mrs. Curtis-Thomas: It certainly does, but we heard again today the need to be able to plan for some eventualities. In EU/NATO-led peacekeeping operations, in which military capacity is fundamental to a successful intervention, and for which we could plan over a long period, procurement of common assets on a common platform is a genuine option. Indeed, it supports the greater benefits of European collaboration through, for example, OCCAR.

Outside humanitarian operations, we must revert to the more expensive option of ascertaining what we specifically need to match our troops' requirements in theatre. That is far more expensive in the longer term. I do not want us to say that we should retain a British badge for all procurement because that is ultimately a more costly position for us to adopt and does not take

advantage of the experience of other armed forces in Europe, with whom we will have to engage in common theatres.

Cyber warfare has been mentioned once today, and I am sorry that the hon. Member for Newbury (Mr. Benyon) who raised it has now left the Chamber. An anoraky subject is probably the best way to describe cyber warfare, but it has interested the European Security and Defence Assembly for the simple reason that that body has representatives from Estonia, which, if colleagues do not know, faced a complete takeover of the country's internet system approximately two years ago, not by an individual but through concerted action by several individuals throughout the world. The Government were literally brought to a standstill in one day. Every Department, including the military Department, was affected. I have been assured that the UK could never suffer such an assault. However, the event raised several issues and I have asked Defence Ministers questions about that. We have not yet defined the difference between a cyber threat, cyber warfare and cyber terrorism. I do not know whether they are the same, but there is no definition and we need one because the current response is country-specific. Again, it is an ideal matter for collaborative working in a European context, not least because we share some major telecommunications networks. We are also equally sophisticated in the technology that we have developed.

I am sorry that I will not be here for the Under-Secretary's winding-up speech, but I should be grateful if he gave his view of OCCAR's role and contribution—I accept that there have been difficulties with the A400M. I should like him to comment on the diversity of product that our armed forces now request and the problems that that presents any procurement programme. I should also like him to say whether he believes that some of the proposals that we have heard today, notably the redefinition of the carrier that is currently on the order books, are viable, given that they are fundamental to securing so many jobs in this country.

7.58 pm

Ann Winterton (Congleton) (Con): The debate has been interesting and wide ranging. It is a delight to follow the hon. Member for Crosby (Mrs. Curtis-Thomas), and it was especially a delight to listen to the speech of my hon. Friend the Member for Mid-Sussex (Mr. Soames). I do not always agree with him, but I agreed with about 99.5 per cent. of what he said.

Mr. Soames: A big improvement.

Ann Winterton: Indeed it is.

There is no doubt that procurement drives military strategy and tactics and that it, in turn, is driven by the warfare in which we might be engaged in future, and the current counter-insurgency warfare in which the UK is heavily involved in Afghanistan. The Easter recess has been useful in giving us an opportunity to read the recommendations of the United States Defence Secretary, Robert Gates, for next year's defence budget. They were followed by his subsequent presentation and question-and-answer session at the Maxwell air force base in Alabama.

I find it gratifying that the US Defence Secretary proposes significantly to restructure the US army's future combat systems—FCS—programme, with the recommendation that the vehicle component of the current programme be cancelled. The FCS programme is equivalent to our future rapid effect system. I find it extraordinary that our future Army structure was completely changed on the back of FRES. Yet as we all know, FRES is now a non-starter, not least because of its exponentially rising costs. In my view—and, I think, in the view of many others—it will never happen.

The current US vehicle programme, which was developed nine years ago, was estimated to cost more than $87 billion, but did not include the recent $25 billion investment in MRAP, or mine-resistant ambush-protected vehicles—I have to say that, Mr. Deputy Speaker, because earlier you asked us not to use jargon. Those vehicles are being used to good effect in today's conflicts, because the Americans have learned from their experience in Iraq and Afghanistan and have changed procurement and tactics rapidly to succeed in the engagements in which their troops are fighting. I wonder whether the UK will follow suit and cancel the FRES utility programme. We were informed earlier in this debate that the programme will be at the "initial gate"—is that right?—in approximately 10 months, but I shall be very interested to hear what the Minister says about that in his winding-up speech.

I disagree with the kind of thinking so often expressed on this side of the pond by many and, in particular, by Air Chief Marshal Sir Michael Graydon, who recently stated in an article that

"you can always fight from a high intensity capability at lower intensity".

I believe that to be one of the greatest fallacies and one that led directly to our defeat in Iraq and caused unnecessary deaths. High-intensity warfare creates a strategy of thinking big, with top-down decisions taken. That is what we are seeing played out in Afghanistan. Big sweeps at battalion and company level take place, but the ground taken cannot subsequently be held. Lowering the intensity, however, does not lower the strategy or the way of thinking and often creates the overstretch that we hear about so often.

As far as procurement is concerned, high intensity means being provided with the very latest technology and all the wizardry that goes with it, which always proves to be exceptionally expensive. For counter-insurgency, that type of procurement is, with few exceptions, unsuitable and is definitely far too expensive for purpose, leading to the cry of underfunding. For example, the House has been told that up to £860 million has been spent on honing the Harrier's performance for service in Afghanistan, with running costs of £37,000 an hour, plus the cost of large expensive ordnance. Add to that the cost of the Harriers, which were not previously able to cope with the dust in Afghanistan, and the cost of Merlin helicopters and their upgrade, not forgetting what has been wasted on the likely-to-be-aborted A400M, and the grand total runs into megabucks. Such expenditure makes the Army look like poor cousins. The Army is doing the fighting, but it appears to be missing out on comparable levels of expenditure.

I have consistently argued that we should use aircraft such as the Super Tucano two-seater light attack aircraft, which can carry 15 tonnes of ordnance. It could assist in the creation of an Afghan air force. If such a force is not founded and developed, the international military force will be required to continue to give air cover virtually for ever. It is interesting to note that the United States has recently leased two such aircraft and they will

[Ann Winterton]

be used in Afghanistan. It will also be interesting to see whether those aircraft will be procured directly when they have proved to be successful.

The cost of expensive helicopter usage could also be reduced by using aircraft such as an adapted Pilatus Porter, which would be better suited for many roles in Afghanistan and has a 15-tonne payload. The Pilatus Porter is a Swiss aircraft that is produced only in a civilian version, but it can be upgraded and would be ideal for ferrying in supplies and for medevac.

I hasten to add that the blueprint for successful counter-insurgency warfare—I have always said this and will probably be laughed at for repeating it—was set in Rhodesia from 1965 to 1980, where, with the international community ranged against the Rhodesians and with very little money and precious few new supplies of equipment, success was driven from the bottom up. Let us never forget that the Rhodesians conducted the best counter-insurgency campaign ever on a one-to-one ratio. That is an achievement that neither we, nor anyone else for that matter, have been capable of matching since. What the Rhodesians did, short of both money and equipment as they were, was to produce a successful strategy based on practical, functional vehicles and airpower, excellent intelligence and rapid changes in tactics to reflect changing circumstances, and they did that from bottom up. We have failed to learn those simple lessons. Insurgents cannot be beaten by technology alone. It greatly helps, but high-intensity warfare by itself cannot deliver the goods.

I have time to quote only two passages from the 1991 RAND Corporation report on the Rhodesian experience, which spells out some lessons that we need to learn. It said:

"The Rhodesians, for example, made innovative and inexpensive modifications to ordinary military and commercial vehicles that dramatically reduced the deaths and injuries suffered by passengers travelling in vehicles that struck land mines. Such modifications had the additional benefit of instilling confidence in the troops and enabled the security forces to retain control over the countryside by defeating the guerrillas' attempts to force the army into a 'garrison mentality' by making road travel dangerous if not impossible."

That is exactly what happened to us in Iraq. The report continued:

"The Rhodesian security forces functioned under severe financial constraints that limited their access to late model, sophisticated high tech weapons and to large quantities of material. The Rhodesians' ability to overcome these constraints by embracing innovative strategies and tactics, including novel techniques in road security, tracking and reconnaissance, small unit tactics, special operations, and intelligence gathering, suggests that the successful prosecution of counter insurgency need not entail huge expenditure."

That is why we as a country must first decide what we want our military to do. If that includes counter-insurgency, we must specialise in it and provide the right equipment and training to win. If we are not prepared to do that, we should stop sending our service personnel to defeat and, in certain tragic cases, unnecessarily to death.

I was dismayed to learn of the recent procurement of the Husky vehicle, which involved 200 vehicles at a cost of £120 million—close to £600,000 each for what is essentially a commercial truck. The MOD has picked a conversion based on a civilian sport utility vehicle pick-up truck known as the International MXT 4x4 and then bolted bits on, just as it did with the E-Jackal. That shows that none of the lessons has been learned following the debacle of the Pinzgauer Vector. Although I understand the concept behind the Springer, I suggest that the jury is still out on whether it will prove to be another death-trap, and it is expensive, at £93,000 each and with no protection. The MOD is obviously paved with gold, but at least the Wolfhound, with a V-shaped hull, is a sensible choice and should prove a success with its built-in ability to deflect blasts.

I have absolutely no doubt that appropriate procurement is vital to succeed in any counter-insurgency situation, but sadly the lessons of the past have not yet been learned and, on our present record, the ability of our forces—they are the finest forces in the world—to succeed and to win in the future has not recently been enhanced.

8.9 pm

Mr. Bernard Jenkin (North Essex) (Con): May I crave the indulgence of the House for a moment, and compare the speech just delivered by my hon. Friend the Member for Congleton (Ann Winterton) with that made by the hon. Member for Crosby (Mrs. Curtis-Thomas) earlier? Both talked about the complexity of buying the right armoured vehicles for a given situation in a particular conflict. The fact that the circumstances described in each of those speeches were so diverse rather made the point that, however much we might wish to standardise and to make things simple for ourselves, it is always easier to talk about that than to deliver it. Often, by the time we find ourselves in a situation in which we urgently require the kit for a particular operation, we have to buy off the shelf or mix and match on the ground in order to deal with a threat that has arisen against the vehicle that we are using at the time.

I am minded to point out to the hon. Member for Crosby that the European context is just one of the contexts in which we operate internationally. In fact, for the British, the American context is possibly more important than the European context. A point to emphasise in the European context is that each nation puts its forces into battle backed by its own national perspective, its own values and its own moral limits. That means that each nation has a different doctrine of operations, which leads to the Germans buying one kind of rifle while the French buy another, and we have our own rifle, which is different from the American rifle. This is because we practise military warfare in slightly different ways. Unless we are going to try to standardise the politics of all the nations, we will end up with different military doctrines and different things that we find it important, or not important, to do.

Mr. Soames: My hon. Friend is partly, but not completely, right. The Germans, for example, bought the Leopard tank instead of the Chieftain because it was said at the time that the Leopard could go backwards faster than the Chieftain could. However, they both had the same gun. The hon. Member for Crosby (Mrs. Curtis-Thomas) was not far wrong in what she said. Nations can each have their own vehicles, provided that they have the same guns and ammunition as those of the nations with which they are fighting; otherwise, they will get into a terrible muddle.

Mr. Jenkin: My hon. Friend reinforces the points on both sides of the argument. Yes, there are virtues in standardisation, but there will always be requirements to do things differently in different circumstances, which will lead people in different directions.

I want to turn to the Minister's opening speech, which had an atmosphere of unreality about it. I say that with the greatest respect, and I intend no personal criticism of him; this is what Ministers do. He went straight into a discussion of current operations and the success of the urgent operational requirement programme, but avoided discussing the serious structural crisis at the heart of the Ministry of Defence, which is what this debate should be about. The numbers involved are much bigger than the amounts being spent on urgent operational requirements.

The failures of the Ministry of Defence's procurement programme are manifold and too numerous to discuss in detail in the short time allowed for this debate. Some, including the A400M, have been brought about by industry failures. Many of us prophesied that the A400M, being mainly a political aeroplane rather than a military requirement, would get into the muddle that it is now in. That project, like the Typhoon before it, highlights the problems of pan-national, pan-European programmes, which inevitably end up involving political compromises that suit no one. Other projects, such as FRES and the Chinook mark 3, offer lessons in departmental incompetence that must be learned.

The spectre at the feast of the MOD's trouble is always the money. Of course, defence never has enough money, but the Department's decisions over the past 10 years have been taken in an atmosphere of unparalleled fiscal restraint, which has progressively got worse and is likely to become worse still in the current climate. We know that the procurement spending round PR08 was never really settled; it was just imposed, and the Ministry of Defence decided to live with that. We are told that PR09 has now run its course, and that there has been no resolution between the Department and the Treasury about it. There is a stand-off, but the Department somehow has to continue to function, albeit in an extraordinarily dysfunctional way.

The Department repeats the mantra that it has had record increases in funding, but, as ever, it fails to mention the real contexts. The first and most obvious is that, since 2001, the armed forces have been operating well beyond the defence planning assumptions. Whatever urgent operational requirements may have been funded, the real increases in the core defence budget have not been enough to maintain the capabilities required for the operations being undertaken in Iraq and Afghanistan. I refer to the speech made by my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), the Chairman of the Defence Committee. He talked about the compromises between current operations and future capabilities, and about Professor Hew Strachan's writing on today's wars and tomorrow's wars. Those points are expressly illustrated by the national security strategy. The Government are consciously compromising future capabilities to fund current operations, as I have said many times before in the Chamber.

Secondly, we must compare the rises in our defence expenditure with those of our allies and rivals. According to SIPRI—the Stockholm International Peace Research Institute, which produces the respected international tables for comparing defence expenditure—between 2001 and 2007, our defence spending apparently rose by 22 per cent. in real terms. I find that hard to believe, given the figure that the Minister quoted earlier, but there are statistics and there are statistics. However, the comparable international statistics show that our 22 per cent. increase compares with India's 32 per cent., America's 59 per cent., Russia's 66 per cent. and China's 108 per cent. Britain and Europe's response to the changed circumstances after 9/11 has been wholly inadequate.

Thirdly, it is most important to remind the House that defence spending increases in the UK were relatively modest compared with spending increases in other policy areas. Since 1997—the last year of the Major Government—core defence spending up until 2007-08 increased by £4.5 billion in real terms. In the same period, real-terms increases in health spending were £44 billion—10 times as much. In education, the increase was £35 billion. Even the spending for the police has been increased by nearly as much as defence spending, and the railways have had an even bigger increase than defence.

Mrs. Curtis-Thomas: Is the hon. Gentleman advocating that we match some of the budget increases in developing nations that, compared with us, have very small armies in proportion to their population? Or is he talking about expanding our budget so that we can expand our armed forces accordingly? If that is the basis of his argument, what does he believe that such expansion would be for?

Mr. Jenkin: I merely point out that our defence expenditure has declined, relative to that of other nations, and that our defence expenditure as a proportion of total public expenditure has also been in decline. It has also been in decline as a proportion of gross national product, as everyone knows. I do not think that the Government made a conscious decision to do that when they were first elected, but that is what has happened, and I think that it explains why our armed forces are under such strain and why there is probably a £2 billion hole at the heart of this year's defence budget. There will probably be a bigger hole next year, because there seem to be no proposals to fill the hole, apart from pushing programmes forward, as I shall explain.

The recession has changed the public expenditure landscape, and we can no longer expect any Government to provide dramatic increases to allow the armed forces to catch up with other public services in the short or medium term. That opportunity has passed. The public finances are in crisis, and will be for years to come. Defence, like everything else, must learn to cut its cloth and live within its means. I say that as someone who has, for some years, advocated significant increases in defence spending.

It is frustrating that, once again, we see that when it comes to designing fiscal stimuli to resuscitate the economy, defence is left out of the Prime Minister's mindset. He has preached the need for more Government borrowing and spending to get us out of a debt crisis and has brought forward £3 billion of expenditure on capital projects—on everything from £30 million for play facilities for children to £300 million for road building. When I tabled a question to ask the Ministry of Defence to say what had been brought forward in defence to revive the economy, the response was:

"No Ministry of Defence capital expenditure has been brought forward in response to the economic downturn."—[*Official Report*, 27 January 2009; Vol. 487, c. 308W.]

[Mr. Jenkin]

That sentence sadly sums up where the armed forces come on Labour's list of priorities—and it gets worse.

Not only has funding not been brought forward; it has been put back. The equipment report of last December delayed the carriers, mothballed MARS, cut Future Lynx numbers and kicked FRES into the long grass. Even the compromise reduction in tranche 3 Typhoon, as discussed earlier, is being questioned, when it could maintain skilled jobs in the north-east throughout the recession. We can expect only more cuts and more delays when the results of the latest planning rounds are finalised—if ever they are. Defence must share the pain with other public services, but why is it, we may ask, that the only time when our armed forces seem to come first is when budgetary restraint is called for?

The Government's attitude has forced the Ministry of Defence to prioritise current operations ahead of the long-term procurement of capabilities, as the national security strategy made clear. That has meant that the long-term equipment programme is increasingly unaffordable—the collective view of the Defence Select Committee. There is estimated to be a £2 billion black hole at the heart of defence budget. Everyone in the MOD, in the Cabinet, in the House and in the media knows that the Department is increasingly paralysed by the Government's inability to deliver their stated policy on defence. I have a certain amount of sympathy for the Secretary of State, knowing, as we all do, that he comes to the House with his hands tied by the Prime Minister and the Treasury. Outside Downing Street, everyone recognises the need for a new defence review, but we all know that it cannot happen this side of the election because the Government know that a review will identify either the need for more money, more equipment and more troops, which it is now impossible to provide, or that the only realistic choices lie, at least in the short term, in what to cut from the programme.

The Secretary of State is reduced to falling back on the strategic defence review mantras. I echo the point made by my hon. Friend the Member for Mid-Sussex—that the SDR is a fine piece of work, but the Government have become too complacent about it. For example, the Government said:

"The SDR continues to inform our thinking; our future procurement strategies are designed around the analysis contained in it."—[*Official Report*, 30 October 2008; Vol. 481, c. 1071.]

The SDR was designed before Kosovo, before 9/11, before Afghanistan, before Iraq, before the Iranian nuclear programme, before we went to Helmand and before the Georgian war. There is a sense that all this has to move on, but it has not done so because the Government dare not because it would open up so many questions about what our defence policy should be.

The challenge we must face is: how do we escape from the straitjacket of SDR being funded inadequately, leading to vital decisions being delayed because of costs, where Ministers argue that dwindling numbers of platforms and troops do not matter? The Department remains obsessed with the SDR idea of capability over numbers in an age when numbers of platforms and troops matter as much as capability, if not just as much as they ever did. For example, the decision to extend the life of the Type 23s by up to eight years has been made because the future surface combatant programme will be slowed on account of budgetary constraints. Ministers still claim that the first FSC is expected to enter service "around the end" of "the next decade", but it seems more likely that it will not be until the beginning of the following decade at the earliest. The Under-Secretary of State told the House at Defence questions before Easter that construction on the first FSC will begin

"as soon as the second carrier has been launched"—[*Official Report*, 30 March 2009; Vol. 490, c. 647.]

That is unlikely to be until 2015, so HMS Daring, the first Type 45, will have taken more than six years from first metal being cut to entering service—meaning that the first FSC is not likely to enter service until at least 2021—provided there are no further delays, which seems unlikely. What is two years between friends in the Ministry of Defence, we might ask, but between 2019 and 2021 three Type 22s are due to leave service, reducing our surface fleet still further. The decision to extend the lives of the Type 23s, with no answers to parliamentary questions about the cost implications of the decision, is merely another attempt to push cost decisions to the right.

It is the same story with the helicopter programme. Aware that there was a danger of the fleet being cut in half by 2020, the MOD has now announced plans to extend the lives of the Chinooks, the Pumas and the Sea King Mark 4s and 7s. Despite repeated questioning, however, Ministers—including the Under-Secretary who will reply from the Dispatch Box this evening—will not reveal how much these decisions will cost, or when the money will be made available for these life extensions. Again, decisions are shifted to the right so the financial consequences of today's decisions will be felt only after a general election.

We have already discussed the carriers, but the decision to delay them reeks of money more than any other consideration. To argue, as the Minister did, that this leaves our defence capability "unaffected"—the word he used—is simply not credible. As elsewhere, cost pressures and political expediency mean shifting the cost of delays until after the general election. It was disappointing that the Minister was unable to furnish the Defence Committee with robust figures about how much the delay to the programme would cost. We now have the figure of £600 million floating in the air, to which the Minister will neither indicate assent or dissent. He is shrugging his shoulders. We know that this is likely to be yet another bill that will land on the Secretary of State's desk after the next general election.

The MOD and the Royal Navy will not countenance cutting the carriers because they are a prestige programme, so they just delay them, but there is little indication that the Department has thought through the practical consequences of building these carriers and what sort of Navy we want to possess in the 21st century. My hon. Friend the Member for Mid-Sussex was absolutely right to question the purpose of these two 65,000 tonnes carriers. They seem to point towards ambitions for a powerful blue-water Navy, but at the same time we have seen the number of frigates and destroyers slashed and significant cuts to the number of attack submarines at a time when the Americans value most highly our minesweepers, for the capability that they can bring, rather than our larger capital ships.

Mr. Quentin Davies: Minehunters.

Mr. Jenkin: Minehunters, I beg your pardon, Mr. Deputy Speaker.

The Royal Navy is facing in two directions and there is a real danger that our pretensions for it will not match our capabilities to deliver it. If the carrier programme is to go ahead—I very much hope it does—we must build a Navy fit to go with it. If we cannot afford to do this or do not want to play such a role on the world stage, the £4 billion would be better spent elsewhere and we will finish up getting out of blue-water naval capability. I cannot believe that that would be the right decision, but that is the nature of the decisions that we face on the current budget. Decisions of that type need to be faced in a defence review that must take account of the short and medium-term fiscal crisis from which defence will not be immune, however much ring-fencing we call for in our speeches.

How should we configure the armed forces for the type of country that we wish to be in the medium and long term, despite the pressures that we face in the short term? We must ask ourselves whether we really want to continue to play a global role—I echo the comments made by my hon. Friend the Member for Mid-Sussex. In the past 10 years, we have punched above our weight, but we have come close to exhaustion in doing so. We must decide whether we wish to slim down, cutting back on the carriers, JSF, the full complement of attack submarines, tranche 3 of Typhoon, FRES, future Lynx and FSC or whether our national interest demands that we maintain a global role, in which case the review must lay out a pathway to and the real costs of achieving armed forces capable of sustaining such a global role, in both Professor Strachan's present war and the future war. In the long term, that means a bigger Army, more helicopters, more strategic and tactical lift, and a blue-water royal naval fleet.

For too long, we have sought to play a global role but without being willing to pay for it. In the short term, even our current expenditure plans are unaffordable, leaving aside any ambition to expand. In the long term, recent research by Decision Analysis Services suggests that by 2028 the defence budget would need to be around £88 billion at current prices to achieve the current equipment programme, but, given trend spending growth of merely 2 per cent., it will be under £50 billion by that date.

We cannot put off this choice any longer: either we play a global role and pay for it, or we do not, and we take the savings and risks that come with such a decision. I am convinced that we must maintain our global role, in which case the defence review must nurse us through the current crisis in the public finances.

The current procurement budget is around £5.5 billion and the next defence review will have to go through it with a fine-toothed comb. The Government have been frightened to cut programmes, but a new Government must have the courage to break the logjam and provide the MOD with some clear direction. That is bound to be extremely tough. Can the Trident upgrade be delayed? The hon. Member for Dunfermline and West Fife (Willie Rennie), who speaks for the Liberal Democrats, is asking a perfectly legitimate question. I am not minded to agree with him, but he is entering into a debate that we need to open up and discuss more than we have so far.

Although most of our costs for the Astute submarine have already been met, would it be possible or practical to slow down or delay the construction of boats 5, 6 and 7? Astute is an essential component of a blue-water Royal Navy. Few navies would dare to put to sea knowing that the British, the Russians, the Americans or the French were operating submarines in their area. That is a powerful capability to have. Could we compromise it in the short to medium term to make ends meet?

Delays, however, are unlikely to be enough on their own. Some projects may have to be cut entirely. Could we abandon tranche 3 of Typhoon? Would it be worth the savings? Is there any point fighting the Treasury to keep the A400M? Again as my hon. Friend the Member for Mid-Sussex said, are we likely to be operating in any substantial theatre where heavy lift is not available from one of our allies?

Airbus—aware of the technical problems and delays that have hit that programme—has admitted that the programme may collapse. Its chief executive told *Der Spiegel* last month:

> "It is better to put an end to the horror than have horror without end".

I wonder what the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), who has responsibility for defence procurement, might say about that.

Up until the end of the last financial year, the MOD had spent £564 million on that programme, but the main expenditure is not due until 2011-12, and by putting the programme out of its misery we could save around £2 billion, much of which could be diverted to proven models such as the Globemaster or C-130J. Furthermore, 25 C-130Js could be purchased for around £1.1 billion, which would save the MOD around £900 million, assuming that we do not have to wait too long or have missed our place in the queue.

Mrs. Curtis-Thomas: Will the hon. Gentleman give way?

Mr. Jenkin: I am just winding up, if I may.

Defence must be prepared to make sacrifices in the current climate and current operations must take priority—that is certainly correct—but we cannot ignore the crisis in defence funding that has been building up over the past decade. The next defence review must place the armed forces on a sustainable footing and ensure that, once the fiscal crisis is over, we are ready to make the kind of investment that the brave men and women who serve in them deserve and which is necessary for the future security and prosperity of our country.

8.34 pm

Angus Robertson (Moray) (SNP): It is a real honour to follow so many hon. and right hon. Members who speak with great experience on defence matters. I listened especially closely to what the hon. Member for Mid-Sussex (Mr. Soames) had to say on Trident. It was echoed, I think in the same way, by the hon. Member for North Essex (Mr. Jenkin), and I read that the right hon. Member for Birkenhead (Mr. Field) has said something similar in recent days. So, I very much take the point made about the debate on Trident.

Perhaps I am one of the usual suspects who take a strong line against Trident, but I very much welcome the fact that people are, perhaps from a different direction, questioning whether it is the right thing to do in the

[Angus Robertson]

context of such heavy financial pressures on the defence budget, but also in relation to the challenges of this century as we expect them to be.

I am also pleased to follow the speeches of the hon. Members for Chorley (Mr. Hoyle) and for Plymouth, Sutton (Linda Gilroy), who spoke with such conviction in support of their constituency defence interests. I want to echo that in discussing procurement matters as they relate to Scotland, and in particular the important role of defence aerospace and naval industries in Scotland.

According to SBAC Scotland—the trade association that represents the defence sector in Scotland—approximately 170 companies north of the border operate in the sector, employing about 16,000 people. Given that Scottish design engineering and manufacturing in general have a worldwide reputation for excellence, this industry in particular should and will go from strength to strength on the basis of its experience. It is a little-known fact that 59 per cent. of defence aerospace and naval output in Scotland is exported from the United Kingdom, which means that the overwhelming majority is not destined for the domestic market. The global reputation of Scottish engineering excellence will serve the industry well.

The industry in Scotland has a long history and heritage. That was highlighted by the very successful 90th anniversary celebration of the Royal Air Force Benevolent Fund at Edinburgh Castle, which was hosted by the First Minister, my right hon. Friend the Member for Banff and Buchan (Mr. Salmond), and attended by the right hon. Member for Edinburgh, East (Dr. Strang). In his address to the large group of supporters of the fund, my right hon. Friend drew particular attention to the production and development of the crucial gyro gun-sights that were used in Spitfires during the second world war. The tradition of technical excellence in defence procurement is a long one, and the development and manufacture of key aerospace defence and naval products and construction has continued to the present day—from world-leading optical and radar equipment to top-of-the-range sea-going vessels and even land mine-clearing equipment.

Undoubtedly the most important factor in that success is the people involved. It is due not just to one of the finest engineering traditions in the world, but to the steady throughput of trainees, apprentices and graduates learning the high standards of a very high-standard industry. Bearing that in mind, I am pleased that there is cross-party consensus in the form of support for the sector. Whether it is represented by the Prime Minister's visit to Govan last week to see shipbuilders on the Clyde, or by Scottish Government Ministers engaging regularly with the sector to secure a competitive market advantage, all of it should be welcomed. Having said all that, however, I must add that I consider it important to deal with the funding realities of the domestic defence procurement sector.

The hon. Member for North Essex raised the issue of relative spending on defence matters, without going into the—I think—pretty frightening GDP-related statistics. Defence is the only major area of United Kingdom Government expenditure that has not experienced an increase in spending as a percentage of gross domestic product in recent years, despite high-tempo and high-cost operations in both Afghanistan and Iraq. As a percentage of GDP, defence spending has fallen from 7.1 per cent. to 2.4 per cent. in the last 50 years. That is understandable in general terms, but the fact that it has fallen from 2.8 per cent. to 2.4 per cent. since 1997 is less explicable.

In Scotland it is difficult to obtain official confirmation of procurement spending from the United Kingdom Government, although the Minister with responsibility for procurement may be able to answer some of the questions when he sums up the debate. Until the early 2000s, the Ministry of Defence was able to answer questions about defence procurement in Scotland, and I do not really understand why that is not the case now. On 1 February 1999, my predecessor, Margaret Ewing, asked a specific question. I will not give the details, but the question can be found in column 450 of the report. She asked how much the MOD was spending in Scotland on defence procurement and how much of that was passed by sub-contractors. The answer to that question was detailed and helpful, but since the introduction of accountancy changes—I understand that that is the excuse given for the impossibility of answering similar questions now—the MOD has been unwilling or unable to give equally detailed answers.

Amazingly, the MOD cannot tell us what overall MOD expenditure is in Scotland. It cannot tell us what MOD personnel expenditure or procurement expenditure is in Scotland. It also cannot tell us what the projected costs are of MOD contracts placed with companies in Scotland, or the cost of MOD research and development expenditure in Scotland, or about Defence Bills Agency spending in Scotland, Defence Bills Agency procurement related to spending or expenditure by MOD bases in Scotland. These are all questions that I have put to the MOD, but none of them has been answered. However, all the past evidence points to a significant procurement and wider defence underspend in Scotland relative to tax contributions from Scottish taxpayers.

The lack of transparency in that context is matched in respect of offset. I asked the Minister of State about this issue at the beginning of the debate, but, to be charitable, perhaps he had not been advised on it for today's debate as he did not seem to understand why it is important. However, if one understands that military offset is a Government-negotiated agreement that requires a supplier of military equipment to direct some benefits—usually work or technology—back to the purchasing country as a condition of the sale, one understands why it is of importance. It is of such great importance to the United States Defence Department that it publishes annually a large document listing all information about offset arrangements, so that our colleagues in the US Congress and Senate can understand those offset contracts. We do not have that here, however, so we have very little understanding of the value that offset provides to companies operating in the UK in terms of their trade in this important sector. Frankly, that is not good enough.

I am very much in favour of the valued Scottish defence sector having the following: a competitive taxation advantage, decision making close to production, and guaranteed full value of domestic defence spend, whether direct contract or through offset, which does not happen in the UK. I am, of course, also in favour of the Scottish Parliament making decisions on all these policy areas. Members have rightly scoffed at Parliaments or powers elsewhere making decisions about defence policy

as it impacts on, from their perspective, the United Kingdom. I am in exactly the same position: I think it frightfully odd that a Parliament 550 miles away from my country makes decisions about our defence and procurement policy—but I have no doubt that that will change for the better in the years ahead.

A Scottish Parliament and Government making decisions about defence procurement will allow us to continue with shared UK programmes where that makes sense and is properly managed, and to provide alternatives where that is not the case. It must be in the interests of the MOD in London to partner with neighbouring nations interested in making bulk purchases of expensive pieces of equipment, thereby bringing down the unit cost; surely no Minister in Whitehall would gainsay something like that. However, if in Scotland any procurement projects were not in either the taxpayer's interest—we have heard a litany of them today—or the national interest, it would make eminent sense for Ministers in Scotland to be able to decide not to buy into them. However, so long as Scotland does not have the power to make such decisions, we will go on contributing to the UK Treasury, and throwing good money after bad in many procurement policy areas.

I would like to conclude by turning to an area that has not been discussed, but which will be of growing importance: satellite and space technology. I do not need to talk at length about the military applications, as they should be obvious to anybody who understands anything about these matters. However, of particular interest is the fact that we are only a few short years away from commercial space flight operating from the UK. There are the beginnings of a significant satellite sector in the UK, and I greatly encourage the MOD to look as closely as possible at this.

I must declare an interest: the leading, preferred site for the launch of commercial space flight in the United Kingdom is Lossiemouth. *[Interruption.]* I am glad to have such vocal support from right hon. and hon. Members on both sides of the House. I had a successful meeting with Lord Drayson a few weeks ago, and I very much sensed from that meeting that the UK Government are seized of the opportunities that that technological development offers. I hope that the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), will take forward the development of space technology and commercial space flight from a site in the UK, wherever that site may be, although I of course believe that Lossiemouth is the best place for it. That development really would afford a whole range of options to the defence and aerospace sector, and it is worth pursuing it before other countries get there first.

8.45 pm

Mr. Ben Wallace (Lancaster and Wyre) (Con): It is certainly a pertinent time to have this debate, just a few days before the Budget. Our armed forces face an incredibly high tempo of operations; they are probably more overstretched than they have ever been. At the same time, their equipment perhaps faces the prospect of basically being worn out. Some of the equipment in the field today has been there not for weeks or months, as was the design in some cases, but for years.

This Prime Minister is no different from many of his predecessors in sometimes failing to recognise that defence costs. So do defence deployment and time. The Ministry of Defence is often up against it when it comes to budget. I am acutely aware of the history. Historically, we have always tried to play catch-up with the threat. I would like to blame the Labour Government for finding themselves in that predicament, but it is not a new phenomenon. For centuries we have invested in the wrong technology, or had troops in the wrong part of the world when a threat has appeared elsewhere. We always do our very best to catch up.

As both a former soldier, and a former civil servant who worked briefly at the Defence Evaluation and Research Agency before it became QinetiQ, and then at QinetiQ, I have experience of both sides of the coin. Having served, I have needed equipment as an infanteer and in the armoured infantry, as a Warrior commander. However, I have also been involved in trying to get money out of the MOD and in supplying the equipment to the front line. I am aware of the tremendous effort made in the MOD by officials, members of the armed services and indeed Ministers to try to get resolution to the problems that our forces face daily.

One thing that we can say about the MOD is that historically, under all Governments, it has been a can-do Ministry. When I meet Ministers who have been in the Ministry of Defence and have then gone to other Departments, they nearly always say to me, "I could teach them a thing or two in this Department, with what I have learned in the MOD. I'd have the MOD running half of Whitehall." I often hear Ministers saying that—and I hear it just as much from the Government Benches as from my party's Benches. We should not forget in today's debate that there are hundreds of successful stories of defence procurement. It goes on all the time, producing good kit for our soldiers, and allowing our armed forces to do their job and to maintain their standard, often in the face of the enemy, although they are now under greater pressure—I wish it was not so—and although there are strained budgets.

My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) raised the issue of the Treasury. We are always calling on our Ministry of Defence to reform—to reform how it procures its equipment, or how it deploys its assets or forces—but we seldom hear about the Treasury being forced to reform. Far too often, extra expense or waste in the MOD is caused by the Treasury's insistence on short-term measures being taken in the defence budget, rather than engagement in understanding the long-term needs of defence procurement.

There are a number of examples; the private finance initiative is a good one. Treasury figures that I eventually managed to get hold of show that by 2015, 4.5 per cent. of the whole defence budget—not just the capital budget, but the capital and revenue budget—will be taken up by PFI payments for a range of projects. That is a huge figure. Some £1.7 billion a year will be spent on paying off the mortgage broker, effectively. The chart given to me by the Treasury covers the next 32 years; I will have long left the House by then. I suspect that some of us will be in our boxes by that time. That is a long mortgage—my mortgage is only 20 years—and we have to ask what we have locked ourselves into.

Another example was the time when the MOD wanted to buy four C-17 heavy-lift aircraft and the Treasury said that it could not buy them and would have to lease them. Some £769 million was spent leasing them for

[Mr. Ben Wallace]

five years, after which the MOD was allowed to buy them at the original offer price of £200 million. If that is not an example of a huge waste of money caused by Treasury demands, I do not know what is.

We have to insist that the Treasury accepts some reform. That is easy to say, and I am sure that the door would be slammed in my face, but I want to recognise the efforts that Defence Ministers in this and previous Governments make in day-to-day battling against the demands of the Treasury.

My specific warning in that area concerns tranche 3 of Typhoon. In an intervention on the Minister earlier, I said that when we failed to take decisions about tranches 1 and 2, it cost the taxpayer £100 million in penalty payments. We dithered over the decision, production stopped and the contract meant that we had to pay compensation. Such penalties also exist for tranche 2 to 3. The Minister did not want to speculate, but he will know the likely cost if we do not make a decision on tranche 3 by May, or if the Germans fail to make a decision by the end of the year. That will be money wasted. The Government may be looking forward to blaming the Germans—a familiar pastime for many in this country at some stage—but they cannot say, "We have had to cancel tranche 3, but it's the Germans' fault—they have had an election and decided to delay." That will not be an acceptable excuse, because the Government have enough power within the consortium to achieve some resolution and push ahead.

There are real procurement challenges ahead in the next few years, not just in the long-term strategy for our armed forces and our position in the world, but in refurbishing the equipment that we already have and that is wearing out. My hon. Friend the Member for Aldershot (Mr. Howarth) and I recently visited Congress. The US army has an office there, and the US colonel we met told us that he had 900 tanks coming back from the Iraq war that needed refurbishing. The challenge for his budget was to restore them to useable condition, let alone replace them with a new model. Such refurbishment will also cost us a lot.

We will have to make the decision on all the urgent operational requirements—the UORs—as to whether we absorb them into the main defence budget and our defence infrastructure. For example, all the Mastiffs and other vehicles bought for operations in Afghanistan are one-off purchases at the moment, and the decision has not been taken about whether to bring them back and make battalions out of them or to give them to the Afghans. If we bring them back, that will take a large chunk of the budget. In one of the Defence Committee's excellent reports last year, it identified the proportion of UORs that had been brought into the main core of the MOD, and it was only about 5 to 10 per cent.

The biggest challenge in procurement of services will be post-conflict welfare—the welfare of our soldiers who, like their equipment, may be worn out. Dealing with the mental stress they face will mean the procurement of Army medical services and Combat Stress-type initiatives.

From the history of procurement, we must learn that we have to insist on flexibility. The point was made by my hon. Friends the Members for Mid-Sussex (Mr. Soames) and for North Essex (Mr. Jenkin) that the debate on the super-carrier is not about how much money we should spend or even whether the Navy should have one: it is whether we are reducing the flexibility of our armed forces by putting all our eggs in one basket—or 32 airplanes on one piece of metal in one part of the world, as opposed to a more flexible option.

When we cut off our flexibility, we get stung further down the line. We withdraw ships from certain parts of the world, and suddenly drugs trafficking across the Caribbean goes through the roof and the next thing we know we have drugs on our streets. Flexibility will see us through these periods with smaller and ever-decreasing armed forces because that is how we will be able to plug into our closest ally, the United States, and into Europe.

There are two programmes that I want to mention that need examining within our current budgets. They are perhaps unnecessary—some have been talked about already—or could do with significant improvement. The first candidate for cancellation is the A400M programme. In 2003, with a host of European nations, we set about the purchase of a medium-lift capability aircraft. One reason that we did that was that that aeroplane was built around the concept of the armoured FRES vehicle. We opted for the 23 tonnes lift capacity, while the Germans went for the 26 tonnes capacity. It would be able to fly the new FRES utility vehicle around the world to a medium range—a similar range to that of a Hercules. There is no FRES utility vehicle—I will not hold my breath for it—and it is starting to look like there is a gap.

Why do we need a medium-lift capability? We have the C-130J Hercules, which has only 30 per cent. less payload capability than the A400M, at about 48,000 lbs rather than 65,000 lbs. It has the same range, it is tried and tested and we run 25, already. We can use the same crews and will not need to retrain a whole load of people to fly a European A400M. The C-130J has flown and it is being made. The only photograph that anybody will see of an A400M is of the one that they had to tow out of the factory in Spain because the engine did not work. It still has not flown. We are going further along a path that leads to an expensive project, with an upfront purchase of £2.6 billion and a through-life cost over a decade of about £1.8 billion, depending on the exchange rate.

The A400M is an expensive aeroplane that is untested, that will require the retraining of some of our crews and that is yet to fly. The only defence for continuing to purchase it that I can see at the moment came from the French Defence Minister when he gave evidence to the Senate in March. He said, "We have to have it, because we must have some competition for the Hercules." That was the only answer.

Mr. Hoyle: Of course, a lot of jobs and skills come on the back of the A400M, because of the technology in Barnoldswick and the fan technology. The hon. Gentleman is talking about the aero engine, which is a joint venture between Rolls Royce and Snecma. Of course, there have been problems because we are putting it together—it is a turbo prop engine—but the fact is that it gives us a capability. We are also hiring in a lot from Antonov at the moment. We are still using Antonov; does the hon. Gentleman not agree that we ought not to give up on UK jobs quite so easily?

Mr. Wallace: Forgive me, but what I do not want to give up immediately is our forces. Our forces will experience a capability gap in medium and lightweight cargo and

trooping because the A400M is already two years late. It was due to be delivered in 2011 and will perhaps be delivered in 2013, and it looks likely that it will not even make its fixed cost. The only other plea to keep it going has come from EADS, the German-French conglomerate defence company, which has said, "We might go bankrupt if you don't carry on buying it." I do not see any real long-term need for the A400M, especially as if we cut it now there will be few penalties—we have a three-month moratorium before we have to make a decision. Let us cancel it now and get some C-130Js and some C-17s. Let us get on with this, save the money and get the troops the equipment that they need. This is not anti-European, but the A400M has not worked and it is not going very far.

The other programme that should be further considered—it is harder to get the figures—is the future strategic tanker aircraft. It is a £13 billion private finance initiative project over 27 years. By 2011—for our £480 million a year defence budget for those 27 years—we will get not a plane. We do not buy the planes at the end. Not only that, but from the PFI deal on which we have embarked we will get eight planes on call at any one time with a further six should we need them. Those other six will apparently operate as passenger planes for charter holidays. There are so many of them that, in an economic downturn, it will be possible for the consortium to raise the money that way. There is already a glut of Airbus airframes around the world—second hand and so on—so the consortium will manage to work out how to raise enough revenue. The worst thing is the sweetener for the PFI project from the MOD: we handed over the monopoly for all air-to-air refuelling capability for that 27-year period. Should we decide that we want to refuel our next generation of helicopters in that way, which the Americans often do, we cannot do so. Should we want to utilise, if we buy the A400M, the refuelling plumbing fitted in the aeroplane, we cannot do so. If we buy the A400M, it will be delivered from the production line with the ability to provide and receive air-to-air refuelling, but we will not be allowed to switch it on, because we have handed over that monopoly to a PFI project for 27 years.

With the super-carriers, for example, the Americans refuel their fighters with something called a buddy-buddy tank—another fighter carries a fuel tank, and it piggybacks—or they use the V-22 Osprey, a peculiar-looking plane in the marine corps. It is certainly not the same as a strategic tanker, but all those options will be cut off, because we have given the monopoly to a consortium. That is extraordinary—who knows what technology will be developed in 27 years? Twenty-seven years ago, we hardly had colour televisions, so we can only imagine what will happen when we want to utilise a new way of air-to-air refuelling.

We must look at that. The future strategic tanker aircraft is another aspect of the fact that our partners, whether European or from other parts of the world, are not contributing their fair share to deployments, whether it is the NATO deployment to Afghanistan or the European deployment in Kosovo, or whether it was in Bosnia or wherever. If we look at the tables on tanker-to-fighter ratios for our partner countries, we can see that Belgium has two tankers and 72 fighters. I do not know why it bothers having fighters, so let us look at France, which is the only country comparable to the UK. It has 23 tankers, and 320 fighters. It has a ratio of 13 fighters to one tanker. The Germans have 220 fighters and only four tankers. We expect our allies to share the burdens. We should not buy 14 tankers to ensure that we keep those international deployments going all the time—it is as if our allies need not worry, because the British are always there to back them up with a tanker. We must make sure that in a range of situations, whether involving troops on the ground, equipment, or logistical or strategic refuelling, our partners play their part. One of the saddest reasons for the defence budget being under pressure is that time and time again, Ministers have worked on their European colleagues to come along to produce more and contribute more to Afghanistan and Iraq, but time and time again, they have not delivered. Whether it was delivering ammunition in the Falklands or delivering troops on the ground in Kosovo, Iraq and Afghanistan, there has been a lot of talk, but seldom is there much delivery.

We are expecting a lot if we not only expect our defence budget to carry some of Europe's capability but, with the A400M and efforts to support EADS and Airbus with the FSTA, we apparently want our defence budget to carry some of European industry as well. I do not think that we have the money to do that. It is not about being anti-Europe or any other label that some people would want to use; it is about trying to make sure that our troops, and the British interest and front line, receive what they need.

There are other issues that we need to look at. My hon. Friend the Member for Mid-Sussex was absolutely right: what we really need is clarity in our defence strategy. We need clarity in our foreign policy, and we need clarity in what the British interest is and where it lies. The Americans are always 100 per cent. sure about what the American interest is, but I often question, certainly at the fag end of this Government, whether there is a clear definition of the British interest. Just as there was clarity in the defence industrial strategy—that strategy paper gave us great hope—if we have clarity on what we want to procure, where we want to go and what Britain's interest is, we will go some way towards helping the defence procurement problem that every Government face.

9.5 pm

Mr. James Gray (North Wiltshire) (Con): I rise with some trepidation at the end of a long and well-informed debate, typified by the contribution of my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace), who speaks with a level of knowledge, understanding and wisdom on defence matters that is hardly paralleled across the House. It is a joy to listen to him. He manages to express complex and difficult ideas in remarkably simple, straightforward and understandable language, which you, Mr. Deputy Speaker, called for earlier. My hon. Friend achieves that with huge ability.

For fear of being shown up for my own lack of expertise in these matters, and also for fear of repeating many of the arguments that have been made during this interesting debate, I propose to take a slightly different approach to the subject of defence procurement. Those who have spoken have fallen into one of three broad categories, as I shall explain in a moment. The reason that they have done so is the structure of the defence debates that we have in the House. I commented on that

[Mr. James Gray]

when I spoke both in the last debate, on defence in the UK, and in the one before that, on defence in the world. It is an entirely artificial and false structure for a series of debates. I am not certain that the issues that we have been debating on procurement can be detached from the issue of defence in the world, and in any case, what is defence in the UK if it is not interlinked with defence in the world?

Those who are in charge of these matters, whether that is the Leader of the House, Defence Ministers or others, might like to consider whether, instead of those three separate debates that we have traditionally had for a number of years, the structure might be changed to a series of more general debates linking defence capabilities and foreign policy much more closely, covering defence in the world, and allowing debate to range reasonably widely over procurement matters, manpower matters and welfare matters, and crucially, if possible, resulting in a vote.

It is all very well having these debates as general debates. That means that turnout is poor, by and large. The same gang turns up on each occasion. We tell each other the things that we knew we were going to tell each other before we even started. It is all very useful but it does not achieve very much, whereas if there were a vote on the matter—on the motion that this House supports what the Government are doing on a particular thing, for example—that would be much more useful, and the Government could be assured of a majority.

The reason why I think that the structure produces three kinds of topical speeches in the procurement debate is that there are three ways of approaching procurement. First, many hon. Members, particularly on the Labour Benches, but to a degree on the Opposition Benches as well, are, perfectly legitimately and sensibly, fixated by constituency issues. Their approach to defence procurement is to say, "In my constituency there is a factory that makes X tanks"—or whatever it might be—"and I want you, Mr. Government, not to change what you are doing about this because thousands of jobs in my constituency depend on it."

Those hon. Members do not argue that the tank is better or worse than a tank made somewhere else. They do not necessarily argue that it is a question of whether it is British, American, Chinese or anything else. The hon. Member for Chorley (Mr. Hoyle), who represents a town that has been mentioned in the House more often than any other in the past 12 years, typified that by saying, "We want British uniforms to be made in Chorley, not in China", not necessarily because they were better uniforms, but because he thought it was patriotic in one way or another to have them made in Chorley.

Mr. Hoyle: It is a pity the hon. Gentleman did not open his ears when I was speaking. The point was not only that the uniforms were made in China, but that they were inferior to those made in the UK. I went on to speak about the camouflage print not being as good, and about the infrared within that material which leaves our troops at a disadvantage because the quality of the material and the uniform is not as good as it should be. That is why the uniforms should revert to being produced in Chorley. There is nothing wrong with that, I assure him.

Mr. Gray: The hon. Gentleman makes a good point. He has now had the opportunity to make it twice, and the Chorley Gazette will no doubt be the beneficiary of the press release. He makes a very good point—*[Interruption.]*—and I am just about to agree with him, if he will give me a second to do so. The important point, as he correctly says, is not whether the uniforms are made in Chorley or in Shanghai, but whether they are the right uniforms for our troops—whether those in the field have the best possible equipment. Uniforms are perhaps a low-grade example, so I shall cite other examples in a moment.

I am guilty of the behaviour to which I have referred, in the sense that every time I stand up in the Chamber I raise the issue of RAF Lyneham, and the question of the Hercules and the A400M. I very much agree with my hon. Friend the Member for Lancaster and Wyre, and I am guilty of a sort of pork barrel politics, but it is perfectly legitimate for me to do so as a Member. None the less, when we talk about defence, we ought to get away from narrow constituency interests and find a way to debate what is good for the defence of the realm, even if that is to the disadvantage of our constituencies and, if I may say so, to the disadvantage of the British defence industry. I am stepping on to very dangerous ground indeed, and I know that the defence industrial strategy has been widely welcomed and that there are many good parts to it. My instinct, however, is to think that Defence Ministers' duty is to deliver a defence capability on the ground, and to carry out instructions from the Foreign and Commonwealth Office and from the Prime Minister to do things around the world. Defence Ministers must provide our troops with the best possible equipment in order to do so, but it could be made in Chorley, Shanghai or Washington D.C. It does not really matter where it is made so long as it is the best possible equipment, provided at the cheapest possible price.

I know that that is heresy, and tomorrow morning I will doubtless be deluged with e-mails from assorted defence manufacturers throughout England for having advanced such a heretical argument, but none the less I believe it to be true.

Mr. Gerald Howarth: Has my hon. Friend considered security of supply?

Mr. Gray: I was about to come on to two caveats to that general approach to life. The first involves those things that are so secret or so peculiar to British sovereignty that it would be quite wrong if we allowed any ally, even one as close as the United States, to have control over them. There are no doubt some areas of defence manufacturing where that is the case, but it is a slight stretch to work out exactly what they are, and the majority of our most secret and urgent requirements are entirely open to the United States. Indeed, it is said—I do not know enough about these things, but it is said—that Trident could not be fired without a key being turned in Washington.

Mr. Quentin Davies *indicated dissent.*

Mr. Gray: It is often said and the Government always deny it, but it is impossible to imagine us firing Trident without approval from the United States.

No doubt there are some areas where our national interest is so absolutely central that we could not possibly let it go. My hon. Friend the Member for Aldershot (Mr. Howarth), from the Front-Bench team, correctly points out security of supply, which is the second caveat. Of course, we must be certain that we get the equipment that we need when we need it. I suggest to him, however, that it is predominantly a commercial matter. The defence industry makes its profits out of providing equipment and matériel to armies, air forces and navies throughout the world, and it does so on commercial and contractual bases, so the notion that an organisation with which we had a binding contract, such as BAE Systems, would at our moment of need say, "I'm awfully sorry but you can't have that particular piece of equipment; I've decided not to do it because the American Government have brought pressure to bear on me", seems a little remote. There might be some occasions when that would be the case, and we should bear such points in mind when considering procurement, but I do not believe them to be a central consideration.

The second category of speech in this debate has been delivered by those people who have an interest or specialism in a particular piece of equipment. There has been quite a number of them, and they are very welcome. For example, the interesting comments that we heard a moment ago on the A400M is absolutely typical of the category, and I entirely agree with the argument; I think that we should have a fleet of C-130Js based, of course, at RAF Lyneham. None the less, what seems to me to be important is detailed knowledge not of the equipment, but of what it will deliver to our troops on the ground. That is where I very much endorse what my hon. Friend the Member for Lancaster and Wyre said. We do not need a middleweight, heavy-lift vehicle, such as the A400M; we need more C-17s or C-130Js, and we need to deliver the stuff on the ground.

We must consider very carefully how we handle our future defence procurement strategy, because with procurement we tend to reinvent the wheel. We employ a vast number of people at Abbey Wood in Bristol. There is a huge office, and huge numbers of civil servants and military people beaver away, coming up with solutions that we should have had 10 or 15 years ago. We can point at lots of procurement projects as examples of that. The Bowman radio system is a good one; it took us 15 or 20 years to produce something that could have been bought off the shelf the day before yesterday. The Eurofighter project is another example; we went through a ghastly pan-European procurement process, and ended up with something that we could have built ourselves much quicker without the interference of the Germans or the French in that cross-European co-operative venture.

We say that we need to do all those things ourselves because of our paranoia about handing over any kind of sovereignty, particularly to the United States. By saying that we must be in the lead in our defence procurement, we give up the ability to pick up a catalogue and say, "We want 10 or this, 50 of that and 100 of the other tomorrow because that is what we need to deliver force on the ground."

BAE Systems and the other big British defence manufacturers—not that they are that big anymore—advance an argument about research and development. They say that if we were to buy everything off the shelf and if we were merely to buy a lot more C-130Js from Boeing, we would sacrifice our ability as a nation to research. The argument goes that we would no longer have the scientific ability to come up with new inventions for defence purposes. I find that extraordinarily difficult to believe. Incidentally, the pharmaceutical industry is always saying that unless the Government continue to subsidise pharmaceuticals they will stop inventing drugs. My hat! Of course they will keep on inventing drugs—they make a huge profit from doing so and selling the drugs to Governments and peoples around the world. The same surely applies to the defence industries.

If BAE Systems were not to get one penny of subsidy towards its research and development on aeroplanes, for example, it would not stop researching and developing aeroplanes. That is its job and business; it sells planes to nations everywhere, including ours. I simply do not believe that if we moved towards an off-the-shelf procurement programme, we would make a great sacrifice of research and development.

If we were to do all that we would, of course, make some sacrifices. However, we would gain advantages. We would cut out vast swathes of civil servants and research and development activities, and vast quantities of committees, reports, and people sitting around talking to each other about what they wanted. We would gain because we would deliver the equipment that our people need on the ground in good time and at a good price. A fundamental rethinking of our entire approach to procurement for defence purposes would lead to better delivery of the equipment that we need, and at a better price. We would therefore have a greater ability to punch above our weight across the world.

9.18 pm

Bob Russell (Colchester) (LD): I shall speak only briefly. The bottom line has to be that procurement should be reliable and involve security of supply. I hope that, in summing up, the Minister will give us such assurances because the experience has been that reliability and security of supply are not always there.

I beg to differ from what the hon. Member for North Wiltshire (Mr. Gray) said about research and development because the clothing and textile research establishment that used to be based in my constituency was moved to Bicester and, a decade on, it has disappeared completely. All that knowledge and expertise have been lost to the Ministry of Defence. That may well be a subject for a Defence Committee investigation—to see what was proposed and promised, and the reality of what happened when that world-beating research enterprise was moved to Bicester.

I make no apology for mentioning a constituency interest. Twice last year, I visited Afghanistan to see British troops in Helmand province. On both occasions, the message was the same—there was a need for more helicopters. That was particularly the case the second time, because 16 Air Assault Brigade, from my own constituency, were there. If the procurement of additional helicopters is not going to happen as quickly as we would like, why cannot our European allies provide the additional helicopters, and the engineers and mechanics, and then allow our pilots from the Army, the Air Force and the Navy to fly them? When I visited Iraq with the Armed Forces Bill Committee, I saw a wonderful team

[Bob Russell]

effort by helicopter pilots from the three services. I was greatly taken by the wonderful facility that unmanned reconnaissance aircraft, or drones, provided in identifying potential ambushes. That is perhaps an area of procurement that we are not doing enough about.

I invite the Minister to tell us where we are as regards improved protection for vehicles, particularly Snatch Land Rovers. I was struck by the bravery of the young men who were involved in dealing with improvised explosive devices, and I wonder whether we could look at providing additional equipment for them. Medical aid has not been mentioned to any great extent today. I saw life-saving applications issued to soldiers in the field and in field hospitals. I urge the Minister to consider the great successes in the procurement of medical aid and to think about how we can develop that still further.

9.22 pm

Dr. Andrew Murrison (Westbury) (Con): I must first draw the attention of the House to my entry in the register.

The last defence procurement debate was on 19 June. Since then, the UK economy has declined further in relation to its peer group, the MOD has continued to fight wars on a peacetime budget, and the Treasury has refined the art of squaring the books by mortgaging the future. Its "spend now, pay later" approach relies on "later" being somebody else's problem—an expedient that Ministers can be sure will be flagged up from now until election day, and well beyond that.

We have had an excellent and authoritative debate, with 13 contributions from Back-Bench Members. The right hon. Member for Edinburgh, East (Dr. Strang) praised the British aerospace industry; of course, he was right to do so. He spoke specifically about the Typhoon Eurofighter and hoped that there would not be the weakening of support from the Government that he perceives.

The hon. Member for Dunfermline and West Fife (Willie Rennie) talked largely about jobs in defence manufacturing. He said that delays were about casting off things into the future and increasing costs, which I did not fully understand. Rather bizarrely, he prayed in aid Denmark as evidence that EU defence is a good thing. I would ever so gently remind him that Denmark is exempted from the European security and defence policy, so perhaps it was not the best example to choose. When the Liberal Democrats are in a hole, they should stop digging. The National Audit Office has made it clear that we cannot delay the decision on Trident. I would have thought that the Liberal Democrats would have hoisted that on board by now and would not continually volunteer it as a unique and rather strange element of their slate of policy proposals, such as they are. The hon. Gentleman wants, in effect, to go into the non-proliferation treaty talks in 2010 with the locker bare. He said that he was an idealist, and today we had evidence of that in spade-loads. Does he really think that our unilateral disarmament would convince other countries to do the same? I suspect probably not.

The hon. Member for Plymouth, Sutton (Linda Gilroy), who is not in her place, brought us FRES as the French strawberry. We will never think of FRES in quite the same way again. She talked a great deal about Plymouth, a city that I know very well, and she will have been as distressed as I have by the BBC news from Plymouth, which has led today with the story that the naval base there is to be a "nuclear dustbin". She was rather pointed with the Minister for the Armed Forces in suggesting that he should get his finger out. I wonder whether that is precisely what he has been doing in relation to the future of Devonport. I suggest ever so gently that digits are sometimes best left in situ.

My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) spoke magisterially as ever and said that we must reconcile ourselves to the almost irreconcilable—the need to fight today's wars and to prepare for tomorrow's. He said that FRES as a brand was now meaningless, with which I certainly agree, and that the Scout vehicle was unlikely to reach main gate in 10 months, as the Minister has suggested.

The hon. Member for Chorley (Mr. Hoyle) mentioned cut and sew in connection with the camouflage uniform and put in a bid for Chorley in referring to that contract's renewal. I assume that that will be favourably entertained, since the Prime Minister wants British jobs for British workers. The hon. Gentleman mounted a defence of the beleaguered A400M and hoped that tranche 3 would go ahead, and he called for a "marinised" Typhoon. His remarks may well be prescient.

My hon. Friend the Member for Mid-Sussex (Mr. Soames) highlighted problems with kit in the early stages of Operation Telic. I know that he was right, because I wore and dealt with some of that kit during Operation Telic II. I am happy to say that matters have improved since then, but we have to admit that it was from a low base. My hon. Friend and I might have to differ ever so slightly on aircraft carriers, but I appreciate the perspective of a cavalry officer and am confident that there will always be a place for the main battle tank, although I fear possibly not for horses. He was right, of course, that we have to fight today's wars, but it would be imprudent to sign up completely to the Rupert Smith thesis. State-on-state warfare needs resources that cannot simply be turned on and off. If we admit it as a catastrophic possibility, we must prepare for it now.

Ministers have used facts and figures with flair and imagination to suggest, with ever-decreasing conviction, that defence is safe in their hands. For example, there is the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies). We have heard a lot from him already this evening, and I hope that he will not mind if I gently pull his leg a little and revisit his claim last month that in displacement terms, our warship building programme is the most substantial since the great war. In his dreams, apparently, he is trying to out-Dreadnought Jackie Fisher.

We had another look through the looking glass on 24 November in European Committee B, when the Under-Secretary sought to downplay the threat from the European Union to the doctrine of appropriate sovereignty given in the defence industrial strategy and implicit in EC article 296. European security and defence policy and the Lisbon treaty will, of course, degrade our ability to operate autonomously in the national interest by promoting supranational decision making, the European Defence Agency and the scope of qualified majority voting. To the bewilderment of European Committee B and the press, who sadly do not normally take an interest in what happens on the Committee

corridor, the Under-Secretary, who is apparently a historian, offered in support of the EU's defence ambitions the assertion that it had put a stop to bloodshed in Transylvania. Why he chose Transylvania I will have to leave to the imagination of others, but there is more than a touch of the Bram Stokers in the horror story of this Administration's stewardship of the equipment programme.

On 23 February the Under-Secretary told us that the delay in the carrier programme was not the result of the non-availability of the joint strike fighter, which by any reasonable interpretation contradicted his boss's written statement of 11 December. Meanwhile, Lockheed Martin made it clear that JSF could be available, if we wanted it, as early as 2014. In the midst of all that confusion, we were denied the opportunity to debate the aircraft carrier programme in a timely fashion. The House needs to know definitively why the programme has shifted right, and why, especially towards the end of their lifespan, six Type 45s, three deployable at any one time, are now reckoned to be enough for the safe deployment of high-value assets, contrary to the strategic defence review.

The most important bit of kit is, of course, the men and women who serve in our armed forces. Their procurement and the promotion of their through-life capabilities must be our first consideration. We have heard much today about force protection—as well we might, because maintaining public support for distant conflicts, which appear to deliver body bags and little else, will be a challenge for any Administration. History tells us that wars are lost when the home front loses heart. For that reason, if for no other, as we face the long haul in Afghanistan, it behoves us to review our position and bear down further on force attrition. To do that, we must reconsider kit.

The Minister is right to point out, as he did on 19 June, that vehicles such as the Mastiff tear up the tarmac and alienate the locals. It is right to say that 6x6 wheeled and tracked vehicles look belligerent to a host population. However, the British public expect us to minimise casualties, and those of us who represent large numbers of servicemen demand it. If the Minister is worried about the impact of heavy vehicles on the mission, he must tackle his Administration's attitude to in-theatre air transport.

I know that Ministers feel each loss as keenly as any of us, but what are we to make of Chinooks mothballed in Wiltshire for years, while commanders grit their teeth and muddle through with what their men call "coffins on wheels"? What is going on when the traffic collision avoidance system—TCAS—anti-collision technology on the Merlin helicopters belatedly leased from the Danes—I raised the matter in June—is considered an optional extra? What are we to make of the continued intransigence about Snatch and the demise of FRES, which was meant to deliver the best in force protection? What happened to the future integrated soldier technology—FIST—that was meant to network fire teams with the command? The US is to operate in that way, but we learn that we are not.

The hon. Member for Crosby (Mrs. Curtis-Thomas) spoke expertly about OCCAR and commonality with the European Union on kit. We must be careful not to reinvent the wheel, since NATO stock numbers already exist in the common NATO stock catalogue, which was hard won. I am not sure that we need a duplicate parallel system, which can lead only to confusion.

My hon. Friend the Member for Congleton (Ann Winterton) has been described as a military vehicle anorak, in the nicest possible way. She demonstrated her mastery of the subject today.

My hon. Friend the Member for North Essex (Mr. Jenkin) reiterated the central point that, since 2001, the armed forces have been operating well beyond defence assumptions. In the light of that, he was right to say that there has been no fiscal stimulus for defence.

I recently had the pleasure of sharing a parliamentary trip to Iraq with the hon. Member for Moray (Angus Robertson), who spoke today about his party's attitude to defence. I learned many of the points that he made in the debate during that visit in September, and they have not changed much since then. I hope that he will not mind if I disagree with most of them.

It is always a great pleasure to listen to my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace), who spoke with much authority about the highly technical subject of defence economics. I share his concerns about and analysis of PFIs. Like him, I am worried about the eventual redeeming of mortgages. I appreciated his references to dealing with worn-out troops as well as worn-out kit.

My hon. Friend the Member for North Wiltshire (Mr. Gray) followed my hon. Friend the Member for Lancaster and Wyre, so they could agree about the A400M. My hon. Friend the Member for North Wiltshire said that we should attempt not to argue from a narrow constituency perspective and we all try to do that in such debates. However, it would be wrong not to mark his tireless advocacy for RAF Lyneham, which has been most effective, and appreciated by people in Wiltshire.

The hon. Member for Colchester (Bob Russell) spoke.

In February, Ministers kindly arranged for me to visit Afghanistan. The full experience involves a trooping flight out of Brize Norton, knowing full well that departure and arrival times are purely aspirational. My flight did not happen. Nobody will shed any tears over a politician being messed about, but when that becomes the common experience among men and women who are forced to kip down on the floors of airport terminals for days on end waiting for return flights, it behoves those who represent them to ask what is going on. My letter to the Secretary of State for Defence seeking clarification on that point remains unanswered, but a better solution than the RAF's fleet of flying antiques struggling to operate from an airbridge that has become notorious must be found.

Last week, the chief executive of Airbus made an impassioned plea to save the A400M, citing the jobs under threat. He asked rhetorically what alternatives to his aircraft exist, while Boeing prepares to step in with C-17s that are already under active consideration as replacements for the A400M in France and South Africa. Perhaps the Minister might like to comment on that in his winding-up speech and outline his criteria for any new deal that the Government might be hatching with EADS or Boeing.

I am very sorry that the hon. Member for Vale of Glamorgan (John Smith) is not here, because we have to cover the defence training review. It is one of the biggest items of defence procurement before us, but it is limping towards main gate. Before covering that, however, perhaps we should pause to draw a discreet veil over project Red Dragon and the so-called super hangar. As the National

[Dr. Andrew Murrison]

Audit Office reported last month, this spectacular has tipped £134 million down the drain with very little to show for it.

In relation to the DTR, Land Securities Trillium walked away from the Metrix consortium in December, when the bottom dropped out of the property market on which the financial case for the St. Athan project depends. I find that deeply worrying and I am not reassured by the replacement partner, the French catering firm Sodexo. The MOD's website says that contracts will be signed with the newly constituted Metrix for the DTR phase 1 in the summer. Is that the case?

Will the Minister let us in on the DTR contingency plan that the MOD commissioned last year for use in the event of Metrix disintegrating? Will he ditch the fig leaf of "commercial in confidence" and say what cuts to training deliverables we can expect as a result of rising project costs? Can we assume that the DTR second package is now dead in the water? What does the Minister say to the main trade union involved, which has pointed out that large numbers of civilian trainers, who are already in short supply, will not relocate to south Wales and that that will impact on the quality of training produced at St. Athan, at least in the short to medium term?

Although he is not here, I commend the Veterans Minister, who I know takes a close interest in mental health, for his bravery in taking on his opposite number at Richmond House over the Easter break. It would be wrong of me to trespass too much into that territory, because this is a debate about procurement. However, procurement inevitably crosses departmental boundaries. In the current climate, it beggars belief that a Government who truly prioritised the welfare of our servicemen could produce something that they are pleased to call the "new horizons" strategy for improving mental health that does not carry any mention at all of servicemen, service charities or veterans. I hope very much that that situation will be remedied as soon as possible.

We have heard today that Bernard Gray will report early, having curtailed his consultation. Why is that and why was that issue not covered in the opening remarks of the Minister for the Armed Forces?

Finally, in his written ministerial statement of 11 December, the Secretary of State said quite specifically that at the end of the MOD planning round in March, we would have a proper and comprehensive announcement on the future of the equipment programme. March has been and gone, but there has been no announcement. Why not?

9.38 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies): We have had an interesting debate, with a lot of extremely well-informed contributions. A certain amount of egregious nonsense has been spoken as well, however, which I will deal with in a second. For me, the most memorable aspect is that this is the first time that I can recall since I have been in the House of Commons—there may have been many other such occasions—when, without fail, every single speaker put a question, and usually several questions, for the Minister to answer when he winds up. That leaves me with a large pile of notes and little chance of doing justice to all the questions that were asked, many of which were extremely pertinent. However, I shall try to do my best, at least in relation to those questions that touch on my responsibilities.

My right hon. Friend the Member for Edinburgh, East (Dr. Strang) said that we must support high-tech investment in the aerospace industry. I totally agree with him on that. The series of investments that we have made in the Typhoon, the involvement of British companies in the joint strike fighter programme and our involvement in supporting a number of unmanned aerial vehicle projects, including the Mantis project, to which those on the Opposition Front Bench referred, are evidence of that. He also spoke powerfully in favour of tranche 3 of the Typhoon, and I agree with those comments.

The hon. Member for Dunfermline and West Fife (Willie Rennie) talked about the defence industrial strategy. Many people raised that issue, so I shall deal with it now. I am a complete supporter of the DIS. When I said that I was open minded about whether there should be a new one, I did not mean that I was casting doubt on the principle of having a DIS, or on the existing DIS. I was simply saying that I was not clear that we needed to move beyond DIS 1 to DIS 2. It is axiomatic that, if we did that, we should do so only if it created value. In other words, we should do it only when there was not much value left in DIS 1 and it needed to be replaced by a new framework in which industry could operate and invest with confidence over the long term.

It would be absurd to have a new defence industrial strategy every year or two. It might be possible after three or four years, although that is not certain. We should certainly take into account whether the industry itself felt that the present DIS was adequate or that it ought to be replaced, although that would not necessarily be a decisive point. All the signals that I am getting from the industry—including from Mike Turner, who I am sure will not mind my quoting him on this; he has been mentioned, rightly with great respect, by the Opposition on several occasions—suggest that the industry is not calling for a new DIS at the moment. So, that is the background on that matter.

The hon. Gentleman accused us of slashing the urgent operational requirements budget from more than £900 million to £635 million in the new financial year. He is simply factually wrong about that, I am afraid. We always have to have a budget; it is right for us who are managing the UOR programme to take the responsibility of saying what we think we will need to spend in this area, so we always have a figure. If there were some completely unpredicted event, we would obviously have to look at the matter again and go back to the Treasury, but it is right for us to try to manage our resources in this way. We have a budget of £635 million for the new financial year, in addition to a proportion of the £700 million for protected personnel vehicles—the lighter armoured vehicles—that we announced in November, which will be drawn on in this financial year. I cannot tell the hon. Gentleman to the nearest pound how much of it will be drawn on in this financial year, but it will certainly be the majority of the amount. So, in my view, the UOR spend will be well over £1 billion in this year. I wanted to put the record straight on that.

Mr. Gerald Howarth: Does that mean that, if circumstances required us to invest further sums in urgent operational requirements, any such excess expenditure would have to be met from the Department's core budget after the next general election?

Mr. Davies: We are, I hope, good managers of the budget. We should therefore be able to take into account all the factors available to us, and of which we were conscious, at the time when the budget was agreed. If we were to fail in that, it would be reasonable that we should be held to account by the Treasury, and that the Treasury would not accommodate any overspend. However, if the reason for the overspend were some new national emergency or completely unpredictable event—some act of God or force majeure—the situation would clearly change and we would have to go back to the Treasury and negotiate a new position. That is the best that I can do, and I hope that the hon. Gentleman will agree that I have set out our position quite fairly. That division of responsibilities between ourselves and Her Majesty's Treasury is a rational and reasonable one.

My hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) is a really superb advocate for her constituency and for the interests of Devonport. I know that she has given a hard time not only to me but to all my ministerial colleagues on that subject. Indeed, when the Secretary of State was in her constituency in March, he gave her what sounded to me like very encouraging reassurances about the future of Devonport. I do not think that I could reasonably be expected to go further than that, but I hear her requests for more detail on the maritime change programme, and that point will be taken on board by the Government.

My hon. Friend asked for an assurance about changes in base porting, and I can give her that assurance now from the Dispatch Box. We will always give a minimum of five years' notice—it could be more—of changes in base porting. If we were going to change the base porting of any ship, there would always be a five-year notice period. I hope that she will be smiling about that, because that is the assurance that she wanted.

Linda Gilroy: I hope that the Minister understands that at the moment people can see things going in Plymouth, but they cannot see things coming. If there are things coming, they need to be made visible.

Mr. Davies: I understand my hon. Friend's arguments, with which we have a lot of sympathy, as well as her impatience. She has already received considerable reassurances from my ministerial colleagues—from the Minister for the Armed Forces as well as from Secretary of State—and more detail will be forthcoming before too long, but there are difficult commercial negotiations in process at the present time, so I hope she will understand that we should not go further than we have for the moment.

The right hon. Member for North-East Hampshire (Mr. Arbuthnot), who is Chairman of the Select Committee, accused us, if I heard him correctly, of providing for current wars, but failing to provide for future wars. I think that that is a completely unfair criticism. It is entirely what the urgent operational requirements programme is all about, and that UOR programme is in addition to the core defence budget, which is focused on the long-term contingency liabilities that our defence forces might face.

Mr. Arbuthnot: I did not actually say that. I said that Professor Hew Strachan had said that under the current budget one cannot afford to fight both the present war and the future war, so we need to make a decision. I said that there was a risk that we might not fight either.

Mr. Davies: If I know anything about academics, it is that we never get a consensus from any of them, and I have no idea about the assumptions on which that professor drew in making that statement.

The right hon. Gentleman also raised the issue of the FRES programme, so let me take the opportunity to deal with it. The FRES utility vehicle is not dead; we will make progress this year in going forward with this project, which is essential for the Army over the long term. Indeed, I hope that we will have a FRES utility vehicle in service within a decade. We will make more progress this year, as I say, and we will make further announcements in due course.

I couple the FRES reconnaissance vehicle with the Warrior upgrade, which has not been mentioned here, but there are so many common elements, particularly the cannon, that it is important to look at the two things together. I am extremely focused on this; I meet the teams regularly every month or six weeks. I hope that we will be able to go out to competition for it in a few months' time. We really are making as fast progress as we possibly can, so I hope that relieves the anxieties—the understandable anxieties—of the right hon. Gentleman.

My hon. Friend the Member for Chorley (Mr. Hoyle) raised with me, as he often has, the issue of the cut and sew contract and the uniforms, part of which were made in China. I had not before heard the complaints that my hon. Friend brought to the House about shortcomings in the quality of the product—the too high infrared signature and so forth. I will ask about that. My hon. Friend knows that a new contract will be let later this year and I will certainly do my best—it is my responsibility—to make sure that it is negotiated and placed in the fairest possible way. His representations, which are always very powerful, will very much be taken into account; I give him that undertaking. He raised a number of other issues and I am glad that he supports the tranche 3 Typhoon.

On Woodford, the future of the Nimrod programme and where we go with the MRA4 project, which my hon. Friend the Member for Chorley also raised, I said that I would not make any decision until I visited Woodford, which I believe I am doing on Tuesday of next week. I look forward to that visit, but I do not want to hold out any unreasonable expectations. I have said that very clearly to my hon. Friend and his colleagues who come to see me and to the trade unions, as there are very considerable difficulties. So far as Woodford is concerned, it is not the Government's decision, but it is quite clear that BAE Systems does not actually expect the plant to remain open very long anyway because it does not have a successor in the plant for the Nimrod programme. It thus becomes a question, sadly, of redeploying the extremely skilled, effective and valuable work force—in 2012, 2013 or 2014—so it would be quite dishonest to hold out a prospect for their long-term future on that site when the firm itself appears to have taken that decision.

I move on to deal with the hon. Member for Mid-Sussex (Mr. Soames), whose contributions to these debates are always greatly valued. I must say that his is the most

[Mr. Quentin Davies]

memorable contribution to the debate and it will be referred to in the months to come. Indeed, it will play a part in the election campaign, because he made it quite clear that he does not believe that we should go ahead with the programme for the 65,000-tonnes carriers.

That is a pretty dramatic statement to make, but it was even more dramatic in so far as it was supported by quite a number of the hon. Gentleman's colleagues: the hon. Members for Bournemouth, East (Mr. Ellwood) and for Congleton (Ann Winterton), as well as, slightly more subtly, the hon. Member for North Essex (Mr. Jenkin). It is quite clear to me that there is a hidden agenda emerging in the Tory party to cancel those carriers. That is a dramatic fact on which the people of this country will need to focus. I can see a clear issue between us at the general election, directly on defence procurement on that particular subject.

Mr. Soames: The hon. Gentleman has a reputation in the House for perhaps not telling things exactly as they are. I said that I do not think that we should go ahead with the big carriers and that we need to have smaller carriers such as HMS Ocean—probably three or four of them. That is not the same as saying we should not have carriers.

While the hon. Gentleman is sitting in his place, may I please ask him about the JSF—a point that I raised earlier? What about the weapons load? Is it correct that there will have to be a separate armament load for the Tornado and the Typhoon legacy aircraft and a different weapons load for the JSF?

Mr. Davies: The hon. Gentleman is right on the latter point in that the integration of some of our weapons, particularly Meteor, is being actively pursued. I have been pursuing it myself with Lockheed Martin and we will find a solution, although I cannot say exactly what the technical solution will be.

At the beginning of the intervention, the hon. Gentleman gave me the point. He may want to build more HMS Oceans, but he says he wants to cancel the 65,000-tonnes carriers—that is the point. Those are the carriers that we are building and the effect of cancelling them would be dramatic for the Navy and dramatic for our ability to deploy around the world. Far from this being a horse, as he implied—or a cold war project, as I think he said—it is the absolute opposite. It is a means to transport our airfields around the world wherever we need them, and of applying power wherever we need to do so in the modern world. That is a long way from the fixed front line of the cold war; it could not be further away from it.

The hon. Member for Congleton made a number of points. She talked about the interesting issue of the lessons of the Rhodesian insurgency, which I took note of. The hon. Member for North Essex said that standardisation of equipment is hopeless. I do not agree with him about that. NATO tried to standardise equipment for 40 years and failed, so one has to be sceptical about it. Nevertheless, the effort continues to be made and the extent to which we can make small progress is extremely useful.

The hon. Member for Moray (Angus Robertson) asked a number of questions about our spending in Scotland. I have to tell him that those are matters that I have never concerned myself with, because at the moment, I am delighted to say, Scotland is part of this country. Therefore, I do not go round worrying about that sort of thing.

I put this question to the hon. Gentleman: what future does he think there would be for the Scottish defence industry, which he rightly praised, and I totally agree with him about that, if Scotland became independent? Why would the companies I visited—Thales in Glasgow, Selex in Edinburgh and subsidiaries of major foreign multinationals—put their facilities in Scotland? They would be outside the defence industrial strategy and we would not be allowed, under the European rules, to discriminate in favour of them as against French, German or Italian-based industries. The investment in the defence industry in Scotland would rapidly disappear.

The hon. Member for North Wiltshire (Mr. Gray) did not, to the great disappointment of the House, talk about RAF Lyneham, other than to mention it in passing, although he made an important point in a good humoured speech. I agree with that point, which is that we should not be spending defence pounds on the defence industry for industrial reasons. We should be spending defence pounds for defence reasons alone. Of course it is important to have a defence industry, but that is for military reasons—not just reasons of security of supply, but the fact that we need to upgrade, integrate new technology in the future and be in control of the technology we have now.

I would add an important point, which I have come across very much during my experience in this job: it is a great mistake to be a demander, and purely a demander, with any other country, however strong an ally or partner it might be. We always have to have something to offer—some area of technology where we are up with or ahead of the game. We cannot be completely naked when we go into such negotiations.

The hon. Member for Colchester (Bob Russell) spoke of the need for helicopters, and I agreed with him. We are trying to do everything possible to get new platforms into theatre, and to improve training so that we can use the platforms that we have—to improve the use of our assets. I consider our present record to be pretty creditable, and I hope that the hon. Gentleman will give us credit for it. We are re-engining the Lynxes, and they will be deployable in time for next year's "hot and high" season in the summer of 2010. We will deploy the Merlins from Iraq later this year in Afghanistan, and the new Mark 3 Chinooks will be available for operational deployment within the next few months. There are a lot of good stories about helicopters, and I hope that the hon. Gentleman at least will give the Government some credit where it is due.

The hon. Member for Westbury (Dr. Murrison) always distorts everything that I say. What I said in connection with the European Union and Transylvania—I think I cited Alto Adige, Alsace-Lorraine and several other areas—was that one of the great achievements of the European Union had been to dissolve the centuries-long ethnic and national conflicts that had shed so much blood in the past.

Dr. Murrison *rose—*

Mr. Davies: I will not give way now, because I have too little time.

I am sorry to say that the debate began with a personal attack on me, and an attack on the Government's record. It was a bit rich for the Conservatives to start talking about the apparent failures of this Government in the field of defence procurement, given that we have an extremely proud record and have done so much in relation to armoured vehicles, naval systems and air power—to which I have just referred—and given their dismal record when they were last in power. They presided over some of the greatest procurement disasters incurred not just in this country but, probably, anywhere. What about Annington Homes? What about the Chinook? How utterly incompetent it was to place that contract without asking where the airworthiness certificates would come from! What about Nimrod? In every business school it is cited as an example of a bad procurement contract. The Tory party was responsible for those failures. It is a bit rich! We have had to clear up the mess; we have inherited the legacy of Tory incompetence.

It was claimed that I did not say the same when I was a Tory myself—sadly and mistakenly. I am proud to have changed my coat now, by the way, and if the hon. Member for Aldershot (Mr. Howarth) calls me a turncoat every day, I shall be delighted. I am wearing the right coat. I am wearing the coat of the party that now represents all the things that I have believed in for as long as I have been in politics. *[Interruption.]* Oh, yes.

What is more, I did say the same about defence. Not only did I say the same about defence, but I wrote the same about defence during the period of the last Tory Government. I have been able to put my hand on a pamphlet that I co-authored with a number of colleagues in 1995. It deals with the Tory Government's record, and it proves that I was saying the same things then. It is an interesting pamphlet. Let me read out the names of the colleagues who co-authored it. There is the hon. Member for Canterbury (Mr. Brazier), who, then as now, was acknowledged to be a great expert in military matters. He was the guy who conceived the project and chaired our meetings. There is Davies: he is number two on the list, because he drafted most of the material. There are Allison, Duncan Smith, Fishburn, Garnier, Goodson-Wickes, Hargreaves, Mans, Robathan—it is an interesting group of characters—Taylor and Riddick. And what did we say in 1995? We said that a vacuum in strategic policy, combined with large reductions in defence spending, had led to severe overstretch and to a fall in morale in our armed forces. We went on to say that morale was at an historic low point, and that defence procurement was thoroughly inadequate.

All that was said in 1995. The hon. Member for West Chelmsford (Mr. Burns) made the disgraceful suggestion that I was talking rubbish—or, he implied, uttering an untruth—when I said what I had said at that time was exactly what I am saying now about the Tory party, and I think that he should apologise.

Mr. Soames: On a point of order, Mr. Speaker. Is it in order for the hon. Gentleman to speak such utter rubbish at the end of an important debate?

Mr. Speaker: It is in order for hon. Members to stay in order, and the hon. Gentleman concerned was in order.

10 pm

Motion lapsed (Standing Order No. 9(3)).

Business without Debate

JUSTICE

Ordered,

That Daniel Kawczynski be discharged from the Justice Committee and Mr. Douglas Hogg be added.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

PETITIONS

Tax (Alcohol)

10 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): This petition, with 1,628 signatures from customers of pubs such as the Clipper, the Maritime, the Fresher, the Varsity and the Swallow, and others including Wyndham square in my constituency, backs a great British tradition: the British pub and specifically the drinking of beer, both of which are under pressure from a variety of sources, including the decision in last year's Budget that, in order to ensure that prices keep pace with rising incomes, alcohol duty will increase by 2 per cent. above the rate of inflation in future years. Incomes are no longer increasing, however.

The petition states:

The Petition of residents of Plymouth,

Declares that the tax on beer sold in pubs should not be increased annually.

The Petitioners therefore request that the House of Commons asks the Chancellor to remove the beer escalator on beer sold in pubs in his forthcoming Budget.

And the Petitioners remain, etc.

[P000349]

Care Services (Essex)

10.1 pm

Bob Spink (Castle Point) (Ind): The measure of our society is how we care for our vulnerable people. Wardens for residents in elderly people's residential homes are not a disposable luxury. They are essential to residents' well-being and quality of life. I have successfully fought councillors previously to keep our wardens, and I hope to win again this time. Castle Point councillors should not be chopping wardens and hanging the elderly people out to dry. Perhaps if councillors had not massively increased the pay of their officers and spent so much on outside consultants on a variety of projects the council would have the money to keep wardens in residential homes, and I congratulate everyone who signed this excellent petition.

The petition states:

The Petition of Mavis Hunt, and others.

Declares that permanent live in wardens in sheltered housing, for instance at Sweetbriar Lodge, should be retained, and notes the wonderful care and confidence these wardens give to vulnerable and elderly residents, enabling them to live with a degree of independence and dignity; further declares that councillors have full control of this decision and will be held to account for it; believes that a small expenditure on wardens can save much public money; congratulates wardens in Castle Point who are caring and thoughtful towards residents; expresses astonishment that borough councillors are, yet again, threatening to remove wardens to save cash in a very short-sighted manner and believes that councillors should start to listen to residents and the public.

[Bob Spink]

The Petitioners therefore request that the House of Commons urges the Government to review their guidance to local councils on the use of permanent wardens and to ask Castle Point borough council to listen to the Member of Parliament and continue to support our local wardens.

And the Petitioners remain, etc.

[P000348]

Pain Management Services (England)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Ian Austin.)*

10.3 pm

Miss Anne Begg (Aberdeen, South) (Lab): In the United Kingdom, 7.8 million people live with pain, day in and day out; that is the equivalent of about one in seven people in every single parliamentary constituency. I have asked for this debate in order to draw attention both to their problems and, more importantly, to some solutions that would not only improve the quality of life of so many of our constituents, but reduce public expenditure on health, social care and incapacity benefits. If anyone is wondering why I, as a Scottish MP, am raising the issue of pain management services in England when health is a devolved issue, it is because I am the chairman of the recently set up all-party group on chronic pain. I suppose I should also declare an interest: I am one of the 7.8 million people in the UK who live with chronic pain.

There could not be a better opportunity to consider the problem and suggest solutions. People in pain and the health professionals helping them have been pushing at a closed door for many years now. They have argued for early recognition of the needs of people in pain, early access to expert advice and treatment, and referral to a specialist pain clinic when necessary. That door was closed until recently; suddenly, it looks as though it is opening, and I am grateful to the chief medical officer for beginning that process. His latest annual report, only just published, includes a chapter called "Pain: breaking through the barrier". Sir Liam Donaldson looks at the issue of people living with pain in a sensitive and comprehensive way, and concludes with this statement:

"A major initiative to widen access to high-quality pain services would improve the lives of millions of people."

The all-party group that I chair and voluntary and professional groups represented on the Chronic Pain Policy Coalition agree with that conclusion and are committed to ensuring that the vision set out in the CMO's report moves from recommendation to practical implementation. That means making improving pain services a priority for the Department of Health, and for every strategic health authority, primary care trust and provider to NHS trusts. That is because pain is part of a patient's experience, in GP surgeries as well as in acute hospital wards and in operating theatres. Patients may discuss their pain and its management with any number of health professionals, including a pharmacist, a nurse, a physiotherapist or their GP, yet effective co-ordinated services are few and far between.

The evidence suggests that although pain services do exist in most secondary care NHS trusts, they are patchy, and variable in their resources and in the services that they provide. Crucially, the CMO's report makes this point: each year, more than 5 million people in the United Kingdom develop chronic pain, but only two thirds will recover. Clearly, much more needs to be done to improve outcomes for patients. He reminds us that pain affects 7.8 million people, and that more than a third of households have someone in pain at any given time. Those figures are rising. Indeed, recent surveys suggest that chronic pain is more common now than it was 40 years ago.

Pain is becoming more common, but the effect that it has on individual lives is immense. The CMO highlights the fact that pain has a major impact on people's lives, causing sleeplessness and depression, and interfering with normal physical and social functioning. That often leads to unemployment. He points out how it affects all age groups. Perhaps most worryingly, he states that 8 per cent. of children experience severe pain, that back pain alone costs the economy £12.3 billion per year and that early intervention may prevent pain from becoming persistent. In fact, it has been shown that the cost of chronic pain is greater than that of heart disease or diabetes.

Looking at the limited number of specialist pain clinics, the CMO points out that systems and infrastructure do not meet need or demand, and that better co-ordination of services, and services designed around patients' needs, are essential. Pain needs to be considered in its own right, because it is often the pain that dominates the patient's life, not the illness or condition that causes the pain. As one patient has said:

"At first I presumed the pain would eventually go away and I would get better. I didn't expect to develop chronic pain, or that it would stop me working and lead me to consider suicide. I just want my life back."

Another said:

"I am in constant and debilitating pain, often unable to do even the most simple activity such as making myself a cup of tea. I have daily bad headaches, and have no quality of life. It is making me very depressed and life is hell."

Clearly, we have a duty to ensure that the individual has access to the right treatment as early as possible. That treatment has to come from a properly trained professional, and a multidisciplinary team if needed.

I was surprised by the amount of interest that this debate has generated. I have been contacted by a number of organisations wishing me to raise their concerns. Age Concern and Help the Aged have particular issues relating to the elderly. They say that pain is not a normal part of the ageing process, and we should not accept it as such. We should challenge discrimination and ageist attitudes with regard to pain in older people. They say that constant pain can lead to a loss of dignity. Some 90 per cent. of calls to Arthritis Care's helpline concern pain, most of them from people in severe pain. In the UK, pain crises account for 60 to 80 per cent. of emergency presentations in hospital admissions for sickle cell disorder.

This is not the first time I have had an Adjournment debate on the issue of pain. Ever since the Government first indicated that they intended to withdraw the analgesic co-proxamol, I have been trying to persuade Ministers that it should not be completely withdrawn as a small group of people still has not been able to find an alternative and certainly not anything so effective. These are all people who suffer chronic pain, who are saying that only co-proxamol works not because they want to be awkward but because it allows them to carry on with their life. One person in that position has said:

"With co-proxamol I had pain but it was bearable, now I can walk only a few steps before being forced to rest; before I managed to tend my flower garden, now I can only sit and feel depressed with pain and frustration".

I have several constituents who depended on co-proxamol but cannot now get access to it. While the Government say that co-proxamol is available on a named patient basis, that is of cold comfort to those whose GPs are refusing to prescribe the drug at all. GPs are not comfortable prescribing off licence as they do not always feel that they have the specialist knowledge. But consultants at pain clinics do.

The main reason the Government gave for withdrawing co-proxamol was the suicide statistics. As it is now extremely difficult for even those who need the drug to access it, the incidence of suicide attributed to co-proxamol is now tiny. However, the use of stronger pain relief and particularly opiates has grown. A recent *Pulse* article says that there has been a 44 per cent. rise in prescriptions for morphine and a 61 per cent. rise in tramadol prescriptions. That cannot be good pain management, so I ask the Minister to look at this issue again.

I have not, however, sought this debate to lay blame at the Government's door on this matter: rather, I hope to encourage the Minister to consider the recommendations laid out in the chief medical officer's report and to give due regard to their feasibility. I do not have time to discuss them all, but I do want to take this opportunity to bring some to the Minister's attention.

First, training on chronic pain should be included in the curriculum for all health professionals who deal with patients. I am aware that some progress has been made on this already. At an international level, the International Association for the Study of Pain has produced a core curriculum for all aspects of pain management. In the United Kingdom, the Faculty of Pain Medicine of the Royal College of Anaesthetists has described the core competencies for trainee anaesthetists wishing to be consultants in pain medicine. However, it is vital that this core training is extended to all health professionals, and in particular to GPs who, at the very least, should have pain training as part of their standard undergraduate education.

Secondly, consideration should be given to the inclusion of the assessment of pain and its associated disability in the quality and outcomes framework—QOF—in primary care. That is an extremely important point, because the inclusion of pain assessment in the QOF would strongly encourage health professionals to be proactive and to ask a patient about their pain, treat it promptly and reassess it to ensure that the treatment given is effective, rather than expecting the patient to raise it first. A recent report on osteoarthritis found that 50 per cent. of people said that they would need to be in frequently unbearable pain before considering seeing their GP—clearly this is a significant barrier.

Another recommendation was that a pain score should become part of the vital signs monitored routinely in hospital. Indeed, the Chronic Pain Policy Coalition has been campaigning for some time now for pain to be adopted as the fifth vital sign. If implemented, this recommendation would ensure that health professionals become proactive in asking their patients about pain. People would recover faster and reduce the burden of care on others.

The final recommendation I want to highlight relates to the development by experts of a model pain service of pathways of care with clear standards. The work could build on the excellent 18-week cross specialty chronic pain pathway developed by patients and clinicians that has been supported by the Department of Health. It is an important step forward and should be extended to ensure that all patients are offered comprehensive

[Miss Anne Begg]

treatment options. That would improve rapid access and reduce the current variability in treatment that patients receive. Patients need to be confident that they can be offered effective options wherever they live.

Commitments have already been made both in Scotland with the "Getting to GRIPS with Chronic Pain" report and in Wales under the "Designed for Life" programme to assess and improve the services available for patients with chronic pain. I hope I have shown the Minister that there are patients, third sector organisations such as Arthritis Care and health professionals in England anxious to get hold of these recommendations and take them forward. They will need encouragement and flexibility in the way in which integrated services are funded and in how outcomes are measured.

Above all, people in pain need a champion. Tsars such as Mike Richards for cancer and Roger Boyle for cardiology have shown how such champions can make a difference. Pain affects cancer patients and heart patients as well as millions of others with back pain, arthritis, pelvic pain and a multiplicity of conditions. Surely the numbers involved and the importance of early intervention demand a pain champion.

I know that the concerns I have raised in this debate are shared by a number of my hon. Friends and indeed by many of their constituents. I thank the Minister for hearing me out, and I hope that she can give consideration to the points I have raised.

10.16 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I must begin by congratulating my hon. Friend the Member for Aberdeen, South (Miss Begg) on securing this Adjournment debate on a most important topic, which Professor Sir Liam Donaldson chose to highlight recently in the 150th report of the chief medical officer.

Chronic pain is a fact of life for many people suffering from a wide range of conditions. As my hon. Friend has highlighted, those conditions include arthritis, so it is particularly appropriate that we are debating this at the start of Arthritis Care awareness week. I am sure that the organisation will have taken note of the debate.

My hon. Friend referred to the recommendation that all those dealing with patients should receive training in dealing with chronic pain. The House might know that I trained and worked as a nurse in the NHS, and as a nurse I saw daily the effect that pain has on people, as well as the effect that it can have on the wider family as they try very hard to manage the patient who has that pain. That is why I know that all clinicians need to be involved in the assessment and management of pain. It should be at the heart of good clinical practice.

In my opinion, pain is what the patient says it is. The patient has to be believed about the level of their pain. I have witnessed ward rounds for medication being done with someone saying, "Anything for pain?", as though it was not being taken as seriously as it should be taken. I am well aware that those days have long gone.

Chronic pain is defined as pain that persists beyond the usual healing time or is present in diseases where no healing occurs. We have already heard from my hon. Friend that it is estimated that more than 7.8 million people in the United Kingdom suffer chronic pain and that chronic pain is more common now than it was 40 years ago. We have also been reminded of how chronic pain ruins the lives of children and adults alike. She highlighted the effect on work and employment and on the finances of the family. She also highlighted not just the human cost, but the cost to our economy.

The report of the chief medical officer is an independent report to Government on aspects of the nation's health and, as such, draws attention to a number of different major health challenges. In his annual report for 2008, the chief medical officer called for a major initiative to widen access to high-quality pain services to improve the lives of millions.

My hon. Friend made a persuasive and eloquent case in support of the report's key recommendations, as well as raising a number of other key issues. She highlighted the recommendation that consideration should be given to including an assessment of pain and disability in the quality and outcomes framework. The process for proposing changes to the framework is managed by the National Institute for Health and Clinical Excellence—NICE—with decisions on the prioritisation of topics being made by an independent advisory committee. The public consultation on suggestions for change closed on 2 February, and I understand that the next opportunity to submit suggestions for new indicators to NICE will be this summer. I hope that the chronic pain policy coalition will take the opportunity to suggest specific indicators at that stage.

Let me put those issues in the context of the next stage review, led by Lord Ara Darzi, and the report, "High quality care for all", which was published in June 2008. A key recommendation in that report is the establishment of a national quality board to advise Ministers on clinical priorities, and to provide strategic oversight and leadership on quality across the NHS. The board is chaired by the NHS chief executive, David Nicholson, and it met for the first time on 30 March this year. It includes representatives from the key bodies responsible for improving the quality of the NHS, including the chief medical officer, as well as a range of a range of expert and lay members. The board will give advice to Ministers on how to improve the quality of the NHS. Its advice will be based on a systematic methodology, which will allow decisions to be made about where work to improve the quality of care is most needed. I can assure my hon. Friend that recommendations in the chief medical officer's report, including the management of chronic pain, will be considered in that new framework.

"High quality care for all" also highlighted the need for high-performing professional teams to be able to measure what they do and use that information to support real improvements in the quality of care. We have to energise that vision across all strands of health care—for example, through the reinvigoration of clinical audit. At the end of 2008, the national clinical audit and patient outcome programme issued a call for new audits to join the national clinical audit programme. The national clinical audit advisory group identified a national pain database as a priority topic for national tender. Tenders came in during February 2009, and the evaluation of those is now complete.

I am delighted to inform my hon. Friend and the House that I received a letter from Professor Black, the chair of the advisory group, just before the Easter

recess, and it recommended that the national pain database, run jointly by the Royal College of Anaesthetists and the British Pain Society, should be funded as part of the national clinical audit programme. The House will wish to join me in welcoming that recommendation. Subject to clarification on a few points of detail, funding will now go ahead. It will support continuing quality improvement in the delivery of pain services through the collection of data on the activity of pain services; the benchmarking of services; continuous quality assurance processes for contributing centres; research on the pain population for both common and rare conditions; and the evaluation of treatment outcomes.

My hon. Friend said that the pain professionals believe they have been pushing at a closed door, but that is not entirely the case. The Department of Health has already supported the work of the NHS on the management of chronic pain through a number of important initiatives, including the musculoskeletal services framework, the 18-week commissioning pathway for the management and treatment of chronic pain, and the NHS Choices website.

Pain is a common, distressing and sometimes disabling symptom in many musculoskeletal conditions. In July 2006, the Department published the musculoskeletal services framework, which provides the NHS with guidance to help communities improve orthopaedic and pain management services. The development of the 18-week commissioning pathway assists commissioners in delivering the appropriate services for their populations. A specific pathway for chronic pain was developed with leading pain clinicians and with the consensus of a wide range of key stakeholders. It will help to transform services with examples of good practice. It also recommends the use of the brief pain inventory to assess the level and impact of pain—an important tool in assessing the patient. Again, pain means so many different things to us as individuals, and must be assessed individually, with patients being able to express themselves. Having permission to have pain is part of that assessment tool.

The Department's NHS Choices website provides information to put patients in control of their health care. It contains a number of sections dealing with pain and, in addition to providing advice to those suffering pain, it includes video clips of the personal perspectives of those affected by pain.

I take the opportunity to thank the Chronic Pain Policy Coalition for its work and its effect. I know that officials working with me are developing a good relationship with the organisation and are very grateful for its input in identifying and raising issues. I am pleased to learn of the all-party group on chronic pain, and I am particularly pleased that my hon. Friend will chair it. She spoke of the importance of a champion. In the House she has been a champion on so many issues, and there could be no one better to fulfil the important role of chairing that group. It saddens me that because of a diary clash and prior commitments, I will not be able to attend its meeting.

Once again, I thank my hon. Friend for bringing this important issue to the attention of the House. We cannot have people accepting pain and using expressions such as, "Well, I mustn't grumble. I suppose I'm not too bad today," when pain is affecting not only their life, but the lives of their loved ones, their families, their work and their finances. I am delighted that our chief medical officer has taken the issue so seriously in his report, which is independent and will be received in the spirit in which it is meant. I know that my hon. Friend will make sure that we fulfil the aims that I have set out.

Question put and agreed to.

10.26 pm

House adjourned.

House of Commons

Tuesday 21 April 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Band D Council Tax

1. **John Howell** (Henley) (Con): By how much band D council tax has increased in Henley in (a) absolute and (b) percentage terms since 1997-98. [269443]

The Secretary of State for Communities and Local Government (Hazel Blears): Before I respond to the hon. Gentleman's question, I would like to take the opportunity to apologise to the House for inadvertently disclosing some information this morning, just a few minutes before it was contained in a written ministerial statement to the House. I have apologised to the Prime Minister. I take this matter very seriously indeed, and I would therefore like to apologise to the House.

The average band D council tax, including parish precepts, in south Oxfordshire—Henley—has increased by £830, or 129 per cent., since 1997-98. In England as a whole, the increases in the same period are £726 and 106 per cent.

John Howell: Given the higher rate of increase in my constituency compared with the position nationally, will the Secretary of State now apologise for the pressure she has put on council tax by the below-inflation grant settlements given to my district and county councils, by the unfunded additional burdens that she has put on to them, and by the pressure on the funding of core services through the way she is dealing with ring-fenced grants?

Hazel Blears: I have made one apology today, Mr. Speaker, and I certainly do not propose to make another in the terms that the hon. Gentleman has requested. I am quite astounded by his question in many ways. I am sure that he will know that under this Government there has been a 39 per cent. real-terms increase in grants to local government, whereas under his party's Government there was a 7 per cent. real-terms cut in the last four years. He knows that in this current period there is almost an extra £9 billion for local authorities across this country to continue to provide support and help to their communities.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Secretary of State mentioned the figures for England—an approximate doubling that is an average of 6 per cent. over the 12-year period. Is it not the case that during the period before we came into office, when council tax was still operating in the last days of the Conservative Government, the average annual increase was very much the same, at 6 per cent.? Does she think that perhaps Conservatives protest too much, or is it down to the fact that innumeracy is a prerequisite of being selected by a Conservative association?

Hazel Blears: My hon. Friend makes some very pertinent points about the funding of local government. Local authorities have to be aware of the costs of council tax to their residents, absolutely rightly, but they also provide a whole range of really important services, whether in adult social care, education, or recycling and the environment. This Government have enabled local authorities to continue to provide those services. I have to say, Mr. Speaker, that it is still the case that in local authority terms, Labour costs you £204 less than Tory councils.

Robert Neill (Bromley and Chislehurst) (Con): I am sure that the whole house will welcome the right hon. Lady's initial remarks. While she is in the vein of apology, will she continue that by apologising for her persistent habit of quoting figures and comparisons in terms of average council tax, given that that methodology has been dismissed by the Library as inappropriate—the different mix of dwelling values means there cannot be a like comparison—and has been described by the respected academic, Professor Tony Travers, as "not respectable"? Will the Minister resort to like-to-like comparisons of band D, which show that Conservative councils invariably cost less?

Hazel Blears: What people are really bothered about is what they pay. I am sure that the hon. Gentleman is aware that in relation to band D council tax, Labour increases are 2.8 per cent., Tory increases are 3.3 per cent., and Liberal Democrat increases are 3.2 per cent. Labour certainly does cost people less.

Gypsy Caravans

2. **Mr. James Gray** (North Wiltshire) (Con): What estimate she has made of the number of Gypsy caravans which are illegally parked on (a) land owned by caravan owners and (b) other land. [269444]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The count of Gypsy and Traveller caravans in England undertaken in July 2008 showed that there were 2,240 caravans on land owned by Gypsies without planning permission and 1,750 caravans on land not owned by Gypsies. This demonstrates the need to provide more authorised sites for Gypsies and Travellers.

Mr. Gray: Last Saturday, a large group of Travellers moved on to a site at Hullavington in my constituency, which they own but for which they have no planning permission, and immediately lodged an application for retrospective planning permission. If the recent experience at Minety, also in my constituency, is anything to go by,

they will be allowed to stay on that site, either permanently or at least temporarily, for the very reason that they are Gypsies. How can that be justified alongside the experience of my constituent, Miss Tina Johnston, in neighbouring Box, who is not a Gypsy but lives in a caravan on her farm? She has recently been thrown off the farm because she does not have planning permission; meanwhile, down the road, the Gypsies are being allowed to stay on the site because they are Gypsies. Surely there should be one law for Gypsies and for settled people.

Mr. Wright: On there being one law for Gypsies and Travellers and one law for the settled community, I completely disagree with the hon. Gentleman. There is one law for this country, and it is applied equally to Gypsies and Travellers and to the settled community. On the specific example that he gives, he will realise that, because of the Secretary of State's role in the planning process, I cannot possibly comment. However, I can say in general terms that retrospective planning applications are a respected part of our planning process that is used for Gypsies and Travellers and for the settled community.

I recommend that people, whether they are Gypsies, Travellers or members of the settled community, work closely with their local authorities. There is not an automatic assumption that when there is development on land, planning permission will be granted. A comprehensive and co-ordinated accommodation needs assessment for Gypsies and Travellers will provide local authorities with much greater tools.

Julie Morgan (Cardiff, North) (Lab): The recent report by the Equality and Human Rights Commission showed that reasonable progress had been made on providing enough authorised Gypsy and Traveller sites, but that the Government will not reach their targets by 2011 unless a greater effort is made. What does my hon. Friend suggest can be done to ensure that we reach those targets and thus prevent the problem of illegal sites?

Mr. Wright: I thank my hon. Friend for the question and pay tribute to her fantastic work in her role as chair of the all-party group on the matter. Good progress has been made, as she suggests, but it is very important that we have a degree of political consensus. It is in no one's interests for Gypsies and Travellers to be set against the settled community. We need a comprehensive range of accommodation needs assessments in place to ensure that authorised sites are brought forward; otherwise, we will have community tensions and increased enforcement costs for local authorities and taxpayers. That is in no one's interests, so I hope that Members in all parts of the House—and, crucially, local authorities—can work together to ensure that we bring forward those much-needed accommodation assessments.

Mr. David Lidington (Aylesbury) (Con): May I put it to the Minister that his claims that we have a planning system that treats everyone equally are at odds with the recent experience of my constituents in Prince's Risborough? Over the Easter weekend, Travellers moved on to land that they own that is both green belt and part of the Chilterns area of outstanding natural beauty. They are now using retrospective planning applications to try to defeat efforts by the district council to enforce stop orders and see the land restored. It is this business whereby people who pre-empt the planning system seem to gain an advantage that arouses such indignation and resentment from people who play by the rules.

Mr. Wright: I reiterate many of the comments that I made to the hon. Member for North Wiltshire (Mr. Gray). Retrospective planning applications are a fundamental part of our planning process and apply equally—I stress the word "equally"—to Gypsies and Travellers and to members of the settled community. *[Interruption.]* As with the hon. Gentleman's point, the hon. Member for Aylesbury (Mr. Lidington) knows that I cannot comment on specific matters, but he mentions green belt, and there is an automatic presumption against inappropriate development on green belt land. Gypsies and Travellers—*[Interruption.]*

Mr. Speaker: Order. It must not be the case that when an hon. Member asks a question, he keeps interrupting the Minister. That is just not right.

Mr. Wright: Thank you, Mr. Speaker. There is an automatic presumption against inappropriate development of green belt land. Gypsy and Traveller accommodation sites are classed firmly as inappropriate development in the planning guidance, and I imagine that the hon. Gentleman's local planning authority will take that into account.

Mrs. Ann Cryer (Keighley) (Lab): Does my hon. Friend agree that where local authorities provide good facilities for Travellers, including an adequate number of pitches, by and large Travellers will not go on illegal sites? Also, the local authority will gain from them by charging a decent rent.

Mr. Wright: As ever, my hon. Friend makes incredibly sensible points. She is absolutely right. The provision of more authorised sites reduces tension and enforcement costs and ensures that we have good community relations between Gypsy and Traveller communities and settled communities. The identification and provision of more authorised sites is the way to go to ensure that we can deal with this problem.

Nadine Dorries (Mid-Bedfordshire) (Con): The Minister mentioned in an earlier answer the necessity for a qualitative needs assessment of Gypsies and Travellers. Does he agree that any assessment should take into account both health care and education and employment needs, and that any sensible assessment would conclude that Gypsy and Traveller sites need to be near dentists, doctors, hospitals, schools and employment? They should be near to where those facilities are available—not in rural villages where there is no public transport and no such services, miles from anywhere.

Mr. Wright: I agree with the hon. Lady—she is right about access to health care and other public services. There are huge disparities and inequalities between Gypsies' and Travellers' life expectancy and educational attainment, and those of the settled community. It is the Government's job to try to help address that. Provision of sites close to health facilities such as dentists' and doctors' surgeries, and to good schools, is vital, but

there are of course good schools, dentists and doctors in rural areas, too. Local areas and authorities are best placed to assess that.

Homeowner Mortgage Support Scheme

3. **Mr. Andrew Mackay** (Bracknell) (Con): What progress has been made on the introduction of the homeowner mortgage support scheme. [269445]

The Minister for Housing (Margaret Beckett): I am pleased to announce that homeowner mortgage support is now available to help home owners remain in their home if they fall on difficult times. It will enable eligible borrowers to reduce their monthly mortgage interest payments to affordable levels for up to two years to help them get back on track with their finances if they suffer a temporary loss of income. The scheme is part of the Government's comprehensive offer of real help for home owners who are struggling to keep up with their mortgage payments.

Mr. Mackay: Since the Chancellor of the Exchequer announced the homeowner mortgage support scheme in December, more than 25,000 homes have been repossessed. Why has action taken so long? Will the Minister apologise to all those families who lost their homes unnecessarily, due to the Government's incompetence?

Margaret Beckett: As the right hon. Gentleman might have observed if he paid attention to the House's agenda, we had to change the law to allow us to continue with the scheme, and then we had to put in place the detailed arrangements that underpin it.

As for apologising, I am, of course, sorry as always when people lose their homes, but the right hon. Gentleman should know that the scheme is not the only thing that the Government have done. The court protocol has been in place for some time; the legal desk advice that we have given—*[Interruption.]* It is no good the right hon. Gentleman shaking his head—35,000 families dealt with the legal desks last year. There is also the extra support for the Department for Work and Pensions' enhanced mortgage interest scheme. The Government have done a whole string of things, but we wish to do more—and we are doing more.

Alan Simpson (Nottingham, South) (Lab): I am concerned about families whose evictions are not likely to be averted by the scheme as it stands. Will the Minister consider a scheme whereby local authorities are empowered to take over as the mortgage provider, so that a problem of unemployment is not compounded by the tragedy of being made homeless at the same time?

Margaret Beckett: We are always willing to examine any ideas and proposals, but my hon. Friend may be mistaken in thinking that there are people whom the scheme would not help, and who therefore need to rely on local authorities. In our proposals, the combination of lenders directly involved in the Government scheme—those who will implement it in a few days, when they have completed their administrative arrangements—and those who provide comparable help through their own sets of proposals, means that about 80 per cent. of lenders will take action along those lines.

Julia Goldsworthy (Falmouth and Camborne) (LD): The launch of the homeowner mortgage support scheme today is welcome, albeit belated news. What is the Minister doing to work with the Treasury to ensure that the Financial Services Authority requires lenders to publish information about how they will treat borrowers if they fall into arrears? Rather than simply issuing guidance to the court, does not the law need to be tightened so that the pre-action protocol can be enforced? Is that not the best way in which to ensure that repossession is the last resort?

Margaret Beckett: We are prepared to consider whether there is a greater need, but our understanding is that the pre-action protocol is working quite well, and that applications for a court order have been turned down in several cases. The FSA and the financial services ombudsman will monitor the scheme's operation and keep a close eye on its effectiveness. That is one reason for hoping that it will be effective in helping many thousands—perhaps tens of thousands—of families to stay in their homes.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the announcement that my right hon. Friend has made. Can she say how home owners will be able to access one-stop-shop advice about the different schemes that the Government are bringing forward to support home owners who face difficulties at the present time?

Margaret Beckett: A number of advice agencies are working with us, including Shelter, Citizens Advice, the Consumer Credit Counselling Service, National Debtline and Payplan. All are geared up to answer questions and to take people not only through the current scheme, but through the range of other help that the Government have already made available. I entirely share my hon. Friend's wish to see that people are made aware of what can be done. The information is also now available on various websites.

Grant Shapps (Welwyn Hatfield) (Con): The Prime Minister upstaged his own Queen's Speech back on 3 December, announcing the mortgage support scheme by saying:

"Today I want to offer to families worrying about their mortgages...protection". *[Official Report,* 3 December 2008; Vol. 485, c. 35.]

Yet five months later, that headline-grabber has still not helped a single family out there, so I repeat the call of my right hon. Friend the Member for Bracknell (Mr. Mackay). Will the Housing Minister use this Question Time to apologise to some of the 28,700 families whose homes have been repossessed since then, particularly given that the Prime Minister suggested at the time that the Government's scheme would cover 70 per cent. of the mortgage market, whereas an analysis of this morning's statement suggests that the scheme—the part that the Government have directly negotiated—will cover just 25 per cent. of the mortgage market? Is not the Minister, once again in danger of raising expectations, only for them to be dashed when homes are repossessed?

Margaret Beckett: I have had the benefit of seeing the press release that the hon. Gentleman issued on the matter, which has the benefit of being wrong in two instances and of calling the scheme a proposal without

substance. All I would say to him is that only the Conservative party would think that a proposal that attracts the support of 80 per cent. of the mortgage market is a proposal without substance.

When my right hon. Friend the Prime Minister announced our plans to go ahead with the scheme, he was extremely anxious, as was I—the hon. Gentleman will recall this, if he casts his mind back—to stress how important it is for people, first, to recognise that help can be made available; secondly, to go to their lenders for advice; and thirdly, to take independent financial advice. We thought it right then—and we think it right now—to draw people's attention to those issues and, in particular, to the fact that there are already four or five other means of help available, but only to quite a narrowly defined group of people. That is why we thought it necessary to introduce the scheme, but of course it takes time to work up such details.

I am not familiar with the figures that the hon. Gentleman quotes, but they must, I think, be wrong. My understanding is that—*[Interruption.]* Well, they bear no comparison with any figures that have come from anyone else. I would simply say to him, first, that about 50 per cent. of mortgage lenders are participating directly in the scheme that the Government are offering and are able to take advantage of the guarantee that the Government have put in place. Secondly, in total 80 per cent. of mortgage lenders are either in the Government scheme or are offering provisions comparable to it. That is why we believe that it will be able to help many tens of thousands of people.

Finally, the hon. Gentleman, like the right hon. Member for Bracknell (Mr. Mackay), called on me to apologise to those who, despite the help that the Government have already made available, have lost their homes in the interim period. I am extremely sorry that those people lost their homes. As the House will know, in every year there are repossessions, despite, in this instance, help being made available by the Government. However, I am lost in admiration for the sheer gall of the Conservatives, who did not lift a finger to help a single family during the recessions of the '80s and '90s. All they did was to offer funds to buy up houses that had been repossessed, so we really do not need any lectures from them.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I very much welcome the scheme and the fact that it will help many thousands of people who otherwise might lose their homes. I also welcome the commitment to give publicity through the lenders, but could we also ensure that local councils are encouraged to give publicity? Finally, could we have a comprehensive monitoring arrangement put in place to look at the various schemes that help people in mortgage difficulties, and see whether some people might still fall through the various nets that are available, particularly private tenants, whose tenancies are put at risk when the owner of the property defaults on their mortgage?

Margaret Beckett: I am grateful to my hon. Friend. He will be relieved to hear that he shares the view of the consumer organisations, which have strongly welcomed both the scheme that the Government have put in place and the speed at which we have been able to do so. That is completely unprecedented—the Conservatives did not lift a finger last time, as I said, so no one has any experience of putting forward such a scheme. In fact, the only people who have so far not welcomed what the Government are doing are the Conservatives.

I entirely share my hon. Friend's view: we are very concerned and we are continuing to pursue the issue, especially the problem of tenants who may well be continuing to pay their rent in the proper way, but whose landlord may be defaulting on the mortgage. We have already put provisions in place whereby there should be a greater period of notice, but I take the view—I am confident that my hon. Friend, and perhaps the whole House, will share it—that although having seven or eight weeks' notice to quit because the landlord has not paid the mortgage is better than two weeks, it still means that the person is without a home. We are looking as a matter of urgency to see whether more can be done here.

Infrastructure Planning Commission

4. **Mrs. Jacqui Lait** (Beckenham) (Con): What her most recent assessment is of the effect on the Planning Inspectorate of the establishment of the Infrastructure Planning Commission. [29444]

The Minister for Housing (Margaret Beckett): About 30,000 cases were received by the Planning Inspectorate in 2008-09. Of those, only 34 would have gone to and been considered by the Infrastructure Planning Commission, had it been in operation, and only 12 of those would have been dealt with by the inspectorate, had they all proceeded to inquiry. That is less than 0.05 per cent. of the cases received by the inspectorate in 2008-09, so we believe that the impact will be minimal.

Mrs. Lait: Given the likelihood that planning strategies will be in place for infrastructure, does the right hon. Lady really believe that only 12 planning applications will go in front of the IPC and that there will be only a minimal impact on the Planning Inspectorate? Is she really intending that so few planning inspectors should move from the Planning Inspectorate? Does she really believe that nobody will be hired to replace people in the Planning Inspectorate from local authorities? What impact does she expect that to have on housing, and why do not—

Mr. Speaker: Order. Let me say to the Minister for Housing that if she answers only one supplementary question, that would be fine.

Margaret Beckett: Thank you, Mr. Speaker.

If the hon. Lady, who clearly has a number of detailed questions about the work of the Planning Inspectorate, would like to write to me, I would be happy to reply providing more detail in response to the different issues she wishes to raise. We think that about 34 cases would have gone to the IPC. The House needs to recognise and take into account the fact that a completely new—and, we believe, much better—system is being put in place whereby policy statements will be made about the overall issues, and then individual applications will be assessed against those policy statements. That, we believe, will simplify and streamline the process. That is why we believe that it will have a beneficial impact—not the impact that the hon. Lady suggests.

Paddy Tipping (Sherwood) (Lab): Is it not in everybody's interests to ensure that planning applications are dealt with as quickly as possible? When the IPC helps to achieve that, will it not have the knock-on effect of speeding up the present Planning Inspectorate?

Margaret Beckett: My hon. Friend is entirely right. In so far as one can assess these matters, we believe that the average time of about 100 weeks for major applications should come down to about 35 weeks. Assessments have been made of savings of some £300 million a year as a result of a more streamlined system. The emphasis placed on pre-application consultation will, I believe, be beneficial to the constituents of every hon. Member. People will have a clear understanding of what might be being propelled at a stage when it is possible to influence the shape of those proposals.

Mrs. Caroline Spelman (Meriden) (Con): The Infrastructure Planning Commission is set to cost taxpayers £15 million in the first year and £9 million for every year after that. Based on an estimate of 34 cases, that is going to be quite a lot of money per case. Given that even Sir Michael Pitt has admitted that it will be subject to legal challenges, how much taxpayers' money does the Minister estimate will be spent on judicial review cases in the UK and further disputes in the European Court of Justice? I am sure that Members of all parties anticipate belt tightening in tomorrow's Budget, so would not the best way to start be to remove a bit of quango fluh, such as the IPC?

Margaret Beckett: I am interested to learn that that remains the view of the Conservatives, because the business community has made plain—not least when the Planning Act 2008 was going through the House of Lords—that it totally disagrees with them. As I told my hon. Friend the Member for Sherwood (Paddy Tipping) a moment ago, the assessment is that, on average, the establishment of the IPC will save around £300 million a year. The hon. Lady may think that of no significance, but I assure her that the business community does not.

Violent Extremism (Prevention)

5. **David T.C. Davies** (Monmouth) (Con): What recent representations she has received on the Government's programme to prevent violent extremism.

[269447]

The Secretary of State for Communities and Local Government (Hazel Blears): I receive a wide range of representations relating to the Government's Preventing Violent Extremism programme, and my Department has regular contact with community groups from across the country as well as with the three advisory groups for young Muslims, Muslim women and the local delivery of our Prevent programmes.

David T.C. Davies: When I last raised this issue, I asked the Secretary of State for an assurance that not one penny of Government money was being given to extremists or to violent extremists. She was unable to give me that assurance at the time, but the Department has now had a year to look into the issue. Can we possibly be given an assurance today that not one penny of Government money is being given to extremists. If not, why not?

Hazel Blears: The hon. Gentleman is correct in saying that he has raised the issue before. I am delighted to be able to tell him about the range of work that has been done in the last 12 months. First, extensive guidance was published for all local authorities in June last year, setting out exactly the criteria according to which groups should be funded. We fund groups that stand up to tackle violent extremism and uphold our shared values. The hon. Gentleman will be aware that following a point of order raised by the hon. Member for Wycombe (Mr. Goodman), I undertook to place in the Library of the House, by the end of April, full details—they are held in our Government offices—of the projects being funded.

Ms Dari Taylor (Stockton, South) (Lab): Many people of different ethnicity live in my constituency. A number of them believe that they are seen as second-class citizens and are undervalued in the community, which has led to the view that that fuels violent extremism. Has the problem been drawn to my right hon. Friend's attention over the past year, and if so, what is her Department doing to resolve it?

Hazel Blears: My hon. Friend has raised this matter in a typically sensitive way. As she suggests, young people in particular become radicalised for a range of reasons, some of which relate to social conditions in their areas in connection with deprivation and poverty. The Government as a whole are tackling those issues. My hon. Friend will be aware of the range of tremendously positive projects that are being undertaken with, in particular, young Muslims and women in our communities. I am afraid that we hear far too little about the huge range of community work being done by dedicated people to try to ensure that young people in this country have a positive sense of their identity in the future, regardless of their ethnic background, and feel properly valued.

Mr. Paul Goodman (Wycombe) (Con): As the Secretary of State has answered this question herself, may I first say to her that we believe she had no alternative to the course that she took in suspending relations with the Muslim Council of Britain?

Let me now return to the question. The House will have noted that, for the second time, the Secretary of State was unable to give my hon. Friend the Member for Monmouth (David T.C. Davies) the guarantee that he seeks that extremists have not got their hands on taxpayers' money. As I know from correspondence with her, the reason is simple: no system exists to check who receives the cash before it is given. That is frankly scandalous. Can the Secretary of State at least guarantee that when she publishes information on where last year's Preventing Violent Extremism money went—she has promised to do so—she will publish the details of who received the money, down to the very last penny?

Hazel Blears: The hon. Gentleman is wrong to say that there is no system for checking the allocation of those funds to community groups. There is a system, for local authorities, the police and a range of other

organisations, to ensure that the funds are allocated to groups that uphold our shared values and are committed to standing up to tackle extremism.

I have told the hon. Gentleman that this is not a ring-fenced grant, for the very reason that we want the work to be embedded as mainstream work for local authorities, and to draw in funding from other sources to ensure that it can be done in a proper, comprehensive fashion. I have also told him that we will place the information in the Library. We have told local authorities that the grant is not ring-fenced, but because of its exceptionally sensitive nature, the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Tooting (Mr. Khan), has written to local authorities saying that we will continue to monitor it extremely carefully. The hon. Gentleman must accept, however, that if we want this work to be embedded as mainstream activity, we must be prepared to make sure we are working in proper, effective partnership with our local authorities.

Rob Marris (Wolverhampton, South-West) (Lab): The Department's funding for tackling violent extremism and enhancing community cohesion is welcome, but may I caution the Secretary of State that there is a growing feeling among certain ethnic minority groups, particularly the Sikhs, that her Department has not got the balance right and that it keeps throwing money at Muslims—we understand why—and is ignoring other groups? I urge her to look at that balance again; will she assure me that she will do so?

Hazel Blears: My hon. Friend is right that concern is sometimes expressed among a variety of groups, and I am therefore keen not simply to work with the Muslim community, because tackling violent extremism in our country is not an issue for the Muslim community on its own; we must all make sure that we have resilient communities. I can assure my hon. Friend that we are now doing much more work across a wider section of the faith community—the inter-faith week will be held later this year. I am also keen to do more to tackle far-right extremism. All of us want to create communities where hatred and division have no part to play.

Building Developments (Access)

6. **Mr. Peter Bone** (Wellingborough) (Con): What planning guidance applies in respect of access to public sector building developments by means of transport other than car. [269448]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): Planning policy guidance note 13 on transport encourages access to public sector building developments by sustainable transport modes. It requires travel plans, which evaluate site access, for applications with significant transport implications. The transport options are then agreed with local authorities and transport providers as part of the planning process.

Mr. Bone: I am so grateful to the Minister for that reply that I almost want to sit down, but in my constituency the NHS is moving an out-patient facility from the centre of the largest town in the district to which 20 per cent. of people travel either on foot or by public transport to a small town whose bus service runs only once an hour and which is obviously inaccessible to most pedestrians. Will the Minister meet me to discuss what appears to be a flagrant breach of planning policy?

Mr. Wright: I would certainly be happy to meet the hon. Gentleman. In respect of the provision of health facilities—or, indeed, of any major improvements to public services—a local planning authority would need to ask about the travel plans and travel assessments required to allow customers to use such facilities. I imagine that the local planning authority did that in this instance, but I look forward to meeting the hon. Gentleman shortly to discuss the matter.

Retained Firefighters

7. **Mr. Mark Harper** (Forest of Dean) (Con): What representations she has received on the effect on retained firefighters of the abolition of the working time directive opt-out. [269449]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I have received a number of written representations about the potential impact on firefighters working a retained duty system of the abolition of the working time directive opt-out, including from hon. Members, Members of the Scottish Parliament, and the Retained Firefighters Union. I also had a meeting with the president and national general secretary of the RFU earlier this month at which the loss of the opt-out was discussed. I have also received representations from members of the Local Government Association fire services forum and others.

Mr. Harper: I am grateful to the Minister for that response. In my constituency of Forest of Dean our fire service is provided solely by retained firefighters. I have had the opportunity to go on a training exercise with those based in Cinderford to see their excellent work. Given the importance of that opt-out, without which the Chief Fire Officers Association has said the retained service could not function, why have Labour MEPs been voting against retaining it, thereby letting down the people of my constituency and our country?

Mr. Khan: The hon. Gentleman is right to say that retained firefighters do an invaluable job. He referred to his rural constituency, but there are 17 fire and rescue authorities where retained firefighters comprise more than 50 per cent. of the operational work force. The Government take the possibility of the opt-out very seriously. We are in conciliation talks with the European Commission, representatives of the European Parliament and the presidency, which represents the Council of Ministers, and my right hon. Friend the Secretary of State has written to the Foreign Secretary and the Secretary of State for Business, Enterprise and Regulatory Reform. The hon. Gentleman will be pleased to know that the next round of conciliation talks is set for 23 April and we are keen to ensure we have the proper resilience arrangements in place by keeping the opt-out.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I am pleased to hear that the Government are at least trying to keep the opt-out, because it is vital in constituencies such as mine—fire stations in places such as Shepshed

rely totally on a retained fire service crew, and they do a fantastic job. Can the Minister assure us that he will battle for that service? Can he also indicate to the House the likelihood of his being successful on 23 April? If he is unsuccessful, what further steps will we be able to take to ensure that our retained firefighters continue to do an excellent job right across the country?

Mr. Khan: Let me put my hon. Friend's comments into context. He will be aware that, geographically speaking, 90 per cent. of the country is served by retained firefighters. We understand their importance and the role that they play, which is why we have been robust in the conciliation talks. He will be pleased to hear that, as I have said, the next round of talks will take place on 23 April, and that an agreement must be reached by the first week of May or the dossier and the amendments voted in December will fall.

Sir Nicholas Winterton (Macclesfield) (Con): The Minister is clearly trying to deal with this matter in a very sensitive and realistic way, but does not this whole issue of retained firemen—there are a number in my constituency and they play a vital and valuable role in the fire and rescue service—show that it is inappropriate for such matters to be dealt with on a Europe-wide basis, given that the culture and practices in this country can be very different from those in other countries of the European Union? Will he give a guarantee today that we will continue to exercise the opt-out?

Mr. Khan: The hon. Gentleman will be pleased to hear that the UK Government will not accept any amendment that phases out the opt-out or implies that it will be phased out. This is a crucial priority not only for the UK Government, but for many other member states that use the opt-out and have been very important allies to the UK Government.

Mr. Stewart Jackson (Peterborough) (Con): The Minister conveniently body-swerved the very direct substantive question put by my hon. Friend the Member for Forest of Dean (Mr. Harper). The House will know that on December 13 Labour MEPs voted to abandon the UK's opt-out from the working time directive—the Chief Fire Officers Association has said that such a policy would mean that the fire service could not function effectively. Does the Minister accept that as his party is completely divided on this issue and its MEPs are voting against our national interest, the UK's negotiating position is weaker as a consequence of that split?

Mr. Khan: I am trying to take this point seriously, as I have been invited to do, but the idea of being lectured about European unity and MEPs by a Conservative Member involves breathtaking hypocrisy—

Mr. Speaker: Order. I urge the hon. Member to avoid using such terms and to use temperate language.

Mr. Khan: The UK Government are committed to defending the opt-out and other flexibilities in the common position agreed by the Council of Ministers last June. We would like an agreement to be reached—as I said, the next round of talks is on 23 April—but not at any price. I have indicated our views on the opt-out, and the hon. Gentleman will be aware from an earlier conversation between us of the respect that I have for retained firefighters. They do an invaluable job, and the fire and rescue authorities around the country would not be able to do their fantastic job without them.

House Building

9. **Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): What recent discussions she has had with representatives of the construction industry on the prospects for house building during the credit crunch. [269451]

The Minister for Housing (Margaret Beckett): The Department has regular dialogue with the industry, both through representative trade bodies and individual companies throughout the supply chain, as well as through participation in round-table meetings, seminars and other forums. The downturn in house building levels has featured regularly in those discussions, as have many other issues facing the industry.

Mrs. Hodgson: Does my right hon. Friend agree that, in addition to the need to keep people in their jobs, it is essential that we maintain capacity in the construction industry, both in the north-east and across the country, so that when the upturn comes we can get straight down to building the quantity of quality new homes that this country will need?

Margaret Beckett: I entirely agree with my hon. Friend. She may know that it has long been my view that one of the many mistakes made during the recessions of the 1980s and 1990s was not to prepare for the upturn, but to assume that when it came things would just sort themselves out. As a result, the construction industry lost so much capacity and so many skills that it was some 10 years before it recovered. That is why we are determined to provide the kind of help and support now that we hope can substantially shorten that period of recovery.

Sarah Teather (Brent, East) (LD): If the Minister is concerned about the future of the construction industry, what representations did she make to the Chancellor about including a cut in VAT on renovation and rebuild in the Budget tomorrow?

Margaret Beckett: All I can say is that policy conversations between Ministers are best kept between Ministers rather than discussed across the Floor of the House, especially if one hopes that those policy conversations will bear fruit.

Topical Questions

T1. [269433] **Mr. Neil Turner** (Wigan) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for Communities and Local Government (Hazel Blears): My Department continues to focus on helping people through the recession through practical measures, such as our town centre strategy to try to fill up empty shops, and to build strong, cohesive communities where people want to live, work and bring up their families.

Mr. Turner: I understand that the ring-fencing of the Supporting People programme will be abolished shortly—which I welcome—and the money will be included in the base funding for local authorities. I urge my right hon. Friend to take this opportunity to ensure that that money goes to local authorities on the basis of measured need, rather than historical spending patterns.

Hazel Blears: My hon. Friend has a proud record of making the case for the allocation of resources on the basis of need and ensuring that we address deprivation in particular communities. I am pleased that he welcomes the un-ring-fencing of the Supporting People grant, for the very reasons that we debated earlier today. If we give more freedom and flexibility to local authorities, we often get better results from spending. I will certainly take notice of the points that he has made today about allocation on the basis of need and will report back to him fully.

T3. [269435] **Richard Ottaway** (Croydon, South) (Con): The Secretary of State will have sat in many Cabinet meetings and agreed that the best way to counter terrorism is through a global effort working closely with our allies. Under the circumstances, was she as concerned as I was to hear the remarks by the Under-Secretary of State for Communities and Local Government, the hon. Member for Tooting (Mr. Khan), attacking the use of Predator drones in Pakistan by the United States, no doubt in an attempt to curry favour with one minority or another? Will she remind him of the doctrine of collective ministerial responsibility? He cannot run with the hare and hunt with the hounds on an issue as important as that.

Hazel Blears: My hon. Friend has recently completed a worthwhile and useful visit to Pakistan, where he was able to see at first hand some of the pressures felt. The hon. Gentleman is right to say that we need to work with our international partners to tackle the severe terrorist threat that this country faces, and it is not the case that my hon. Friend was seeking to distance himself from a particular policy. He was rightly drawing to our attention the need to ensure that we are aware of the pressures on a range of communities, both abroad and in this country, and are therefore able to prepare our response accordingly. I can confirm to the hon. Gentleman that my hon. Friend shares absolutely our policies aimed at tackling radicalisation in this country.

T2. [269434] **Nia Griffith** (Llanelli) (Lab): I am sure that the Secretary of State will be well aware of the economic pressures facing businesses, and I wonder what more her Department can do to encourage more flexible use of shop premises so that we do not see lots of empty shops in our town centres.

Hazel Blears: My hon. Friend has an excellent record, through her membership of the all-party small shops group, on making the case for our local town centres. She will know that last week the Secretary for Culture, Media and Sport and I did some joint work to try to find alternative uses for empty shops, such as for rehearsal spaces or arts activities. The Secretary of State for Innovation, Universities and Skills is also interested in local, flexible, informal learning centres in our shopping precincts. We are considering standard legal documentation, temporary leases and other practical measures to give businesses real help during this difficult time.

T4. [269436] **Andrew George** (St. Ives) (LD): In rejecting last month the very modest proposals contained in the Taylor report regarding the impact of high levels of second-home ownership in areas such as mine—we are talking about a few areas of the country—the Government referred to the human rights of second-home owners. Given that last year three times as many properties were sold in my constituency to second-home buyers as to first-time buyers, what has the Minister to say about the human rights of the many thousands of families who have not yet got a decent first home? Will she keep the matter under review?

The Minister for Housing (Margaret Beckett): We always keep this matter under review. The hon. Gentleman will know that as a result of representations from Members from all parties who represent rural areas we have very deliberately set targets for the provision of more affordable housing, particularly in small settlements. I take his point entirely about areas in which second homes have a particular impact, but all I can say is that we considered the issue very carefully and we will continue to do so. So far we have found that the difficulties of definition and of deciding at what point such a policy would be triggered are insurmountable. I can assure the hon. Gentleman that we continue to consider how we can overcome the impact of the lack of housing on local communities. We believe that that is the way forward.

T8. [269440] **Mr. David Drew** (Stroud) (Lab/Co-op): I am very grateful to my right hon. Friend for the work that she has done on community land trusts. My hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) and I have had a very good meeting with Sir Bob Kerslake of the Homes and Communities Agency. Will my right hon. Friend say a few more things about how we can make progress with that very important model of housing, particularly in rural areas, and ensure that my own Cashes Green site is developed as a matter of urgency?

Margaret Beckett: I can assure my hon. Friend, and you, Mr. Speaker, that I was in no danger of forgetting my hon. Friend's concerns about this issue in his constituency and, in particular, about the proposals to which he referred. He is right to say that the Government take very seriously and are very interested in the proposals for community land trusts. I am not surprised but glad to hear that he had a very constructive meeting with Sir Bob Kerslake. I can assure him that the Government are looking to see what further contribution such proposals can make to housing development.

T5. [269437] **Mr. Andrew Pelling** (Croydon, Central) (Ind): What advice would the Department give to the London borough of Croydon in terms of making a good case for the next set of three-year local government financial settlements? It is very clear that there is real stress on the budget, because the borough has seen the third highest increase in council tax in London while services have been reduced. We have a real dynamic to consider, as we are the host for the Border and Immigration Agency, and dynamic change is also happening with our population and our population make-up.

The Minister for Local Government (John Healey): The first piece of advice is that the council should manage what it has got over this three-year settlement well. It should manage it efficiently and do more to tighten its belt, as everybody expects councils to do at the moment. Secondly, the hon. Gentleman's council, like many others, will be interested in two areas of work that we have under way at the moment, working closely with local government. The first involves considering the future basis for deciding grants from central Government to local government, while the second involves improving the collection of population and migration statistics. Local government has a big role to play in that and can make a valuable contribution to that work. I hope that the hon. Gentleman will encourage his council to do just that.

Ms Celia Barlow (Hove) (Lab): I welcome the Secretary of State's comments on flexibility for the use of empty shops, but I am sure that she would agree that it is best that those shops should not be empty, and that support should be given to our local small businesses, cafés and restaurants. More than 100 constituents and local traders have contacted me, concerned that a large supermarket has shown an interest in opening up in a marvellous area of small shops in my constituency of Hove. Is she considering possible secondary legislation so that the impact on the community and small businesses of such developments can be taken into account in such cases?

Hazel Blears: My hon. Friend makes an excellent point. What we also need to do is to try to support businesses so that the shops do not become empty in the first place. That is why we have small business rate relief and why we have allowed a lot of small businesses to defer their pay-as-you-earn, or—PAYE—tax. More than 100,000 businesses have taken advantage of that. My hon. Friend also discussed the impact of large supermarkets, and she will know that in our planning policy statement 6 on town centres, we have done a great deal of work to try to ensure that any possible impact on our town centres is taken extremely seriously when any development is proposed. At the moment, we do not have proposals for legislation, but she will know that the planning framework is crucial to ensuring that those development decisions do not damage the very important vibrancy of our town centres.

T6. [269438] **Bob Spink** (Castle Point) (Ind): I welcome the Government's policy of restricting development in the green belt, on floodplains and on school playing fields that have been sold off by councils. What would the Minister say to Castle Point borough councillors who want to build hundreds of houses on a school playing field on Canvey Island that is in the floodrisk area and in the green belt?

Margaret Beckett: The hon. Gentleman will be aware of the caution with which Ministers have to approach comment on planning issues, but we and the Environment Agency always take matters to do with flood risk and development on floodplains very seriously indeed. He may not be aware that a recent reassessment of protection against flood risk has conveyed the fact that we appear to be rather better protected, and for longer, than had been thought until recently. Perhaps, therefore, he may to some extent be able to reassure his constituents—who, like people everywhere in the country, are no doubt keen to get extra housing.

Derek Twigg (Halton) (Lab): There has been a big increase recently in the number of people in my constituency losing their homes, so it is vital that more social housing be constructed and made available as soon as possible. However, new figures published in the past month or so show that my constituency has suffered one of the biggest increases in youth unemployment in the country. Will Ministers ensure that putting in place apprenticeships for young people is given a big priority when discussions are held with representatives of the construction industry and housing associations? Those apprenticeships are needed quickly if we are to alleviate some of the problems that exist now in my constituency.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I thank my hon. Friend for his question, which touches on an extremely important point. As my right hon. Friend the Minister for Housing noted in an earlier answer, we need to learn the lessons of previous recessions and of past failed Governments in this respect. It is absolutely vital that we ensure that young people can get apprenticeships in the construction industry, and that we continue to stimulate local, sub-regional and regional economies with housing as a key feature. I should be more than happy to meet my hon. Friend and to visit his area to ensure that what we are doing in terms of social housing in the north-west is appropriate.

T7. [269439] **Norman Baker** (Lewes) (LD): The European Commission has indicated that it is minded to uphold a complaint that I have made against East Sussex county council for breaking procurement rules in respect of its waste contract, and in particular of the hugely unpopular proposed incinerator in Newhaven. On this occasion, my concerns are naturally to do with the Tory council rather than the Government, but nevertheless I understand that the formal notification is likely to come to the Department for Communities and Local Government. Will the Secretary of State agree to arrange for me to have a short meeting with the relevant Minister before she sends a formal response to the European Commission?

Hazel Blears: I am perfectly content to do that, and happy to arrange such a meeting.

Margaret Moran (Luton, South) (Lab): Will my right hon. Friend the Secretary of State say when she intends to conclude the review of housing provision and support for survivors of domestic violence, especially in the light of the recent report entitled "Map of Gaps"? Moreover, it was reported recently that the Mayor of London intends to renege on his promise to provide support for victims of domestic violence, and that he will not provide the rape crisis centre that he promised in his manifesto. Would she like to comment on that?

Hazel Blears: I am perfectly happy to report back to my hon. Friend, who has a long record of campaigning for the support of women who are subject to domestic violence. She will be aware that an inter-ministerial working group is looking at a range of support measures to ensure that we reduce domestic violence—on which

we have a very proud record—and that we give people the support that they need, where they need it. She also asked about the Mayor of London, and these are clearly very serious matters. I shall certainly investigate them, and come back to her with information as soon as possible.

T10. [269442] **Greg Mulholland** (Leeds, North-West) (LD): The "Real help for communities" project has just been announced, with 50 areas benefiting, including Bradford, Wakefield, Kirklees and Calderdale, but not a single penny for Leeds. Can the Secretary of State explain the criteria for the project and why Leeds is not to qualify for any real help for its communities?

John Healey: I and my hon. Friends on the Treasury Bench share our puzzlement with the hon. Gentleman's question. None of us recognises the scheme he is talking about, but I am happy to meet him if he wants to lay out the detail. I think he may have the name of the scheme and the funding wrong, but I am happy to explore that with him.

Mrs. Ann Cryer (Keighley) (Lab): May I ask my right hon. Friend to persist in her determination to involve more Pakistani women in the leadership of both community and mosque groups? Should there be resistance to that, such groups should not be in receipt of either Government or local authority money.

Hazel Blears: My hon. Friend has a very impressive record in being prepared to say sometimes difficult things on this agenda and I am proud of her for doing that. She will know that the National Muslim Women's Advisory Group is comprised of feisty, challenging women from all over the country, and they are absolutely determined that they will take their rightful place in the governance of mosques and the leadership of community organisations. My hon. Friend also makes the point that such values should be reflected in the groups that we sponsor and support through our funding. She is absolutely right.

Tim Farron (Westmorland and Lonsdale) (LD): Given that national parks are in effect local authorities by a different name and have power over the lives of thousands of British people, does the Secretary of State agree that at least some members of those national parks ought to be directly democratically elected?

Hazel Blears: The hon. Gentleman will know that I am quite a fan of direct elections, and I am certainly keen to ensure that there is as much democracy as possible in our political system. I have never believed that direct democracy is somehow challenging to other organisations. Having said that, I am sure that there will be debate about membership of the national parks organisations. I will certainly examine the issue to see whether it is possible to have more direct democracy in those organisations.

Insolvency (Provision of Information to Employment Agencies)

Motion for leave to introduce a Bill (Standing Order No. 23)

3.31 pm

Phil Wilson (Sedgefield) (Lab): I beg to move,

That leave be given to bring in a Bill to require insolvency practitioners to provide information regarding redundancies to employment agencies when a company goes into administration within a specified period; and for connected purposes.

At a time of global recession, and its effect on our economy and our people, this Bill aims to improve the relationship between insolvency practitioners and employment agencies, especially Jobcentre Plus. At present, when a company goes into liquidation there is no duty on the administrator to inform Jobcentre Plus of redundancies. I believe that to be wrong.

To be fair, some administrators inform Jobcentre Plus and allow access, but not on all occasions. Employees should have access to the help Jobcentre Plus can offer as soon as possible, and it should not be denied. My Bill calls for a requirement to be placed on administrators to inform Jobcentre Plus of a redundancy situation as soon as possible, and invite the agency to meet those facing unemployment when the company is going into liquidation. It is all about putting people first in difficult times.

Earlier this year, Jobcentre Plus was informed by a company in my constituency that it was going into liquidation. The company informed the redundancy manager at Jobcentre Plus of the insolvency practitioner involved. A series of phone calls took place between the redundancy manager and the practitioner, in which the Jobcentre Plus representative requested access to the employees to issue redundancy packs. The practitioner said they did not want Jobcentre Plus on the site in case it inflamed the situation.

The redundancy manager was on standby to go to the factory because information had been received that the administrator was holding a meeting with staff on that day. The redundancy manager called the administrator on several occasions only to be told that the meeting had taken place at 8 o'clock that morning and that 175 staff had been made redundant, the majority of whom had been sent home. On hearing that, the redundancy manager immediately went to the site in question and managed to catch between 15 and 20 staff. Redundancy information packs were issued to them and the administrator gave an assurance that it would send the remaining packs to the rest of the work force. When I heard that, the words "stable doors" and "horses bolting" came to mind.

The majority of staff at the factory had not been made aware before they left the site of the support and services available to them. Many of those made unemployed had worked for more than 20 years and were unaware of the processes and conditions for claiming benefit; nor were they aware of the redundancy support available to them through the rapid response service. Jobcentre Plus was left with the task of trying to identify those customers as they made claims for benefit.

In another part of the north-east, another company went into liquidation. Staff were not even able to get on to the site to clear their personal effects, as the gates were locked. Jobcentre Plus found out the name of the administrator only through the pages of the local newspaper, and the insolvency practitioner could not help because the staff had all gone home. However, Jobcentre Plus tells me that on other occasions elsewhere in the region it has received excellent support from administrators. They hold joint meetings with employees to talk them through the situation and set out how they can be helped through redundancy. On occasion, redundancy information packs have even been delivered by hand. Those are obviously examples of good practice; if a redundancy situation arises, that is how we would like it to be handled.

We need to iron out the inconsistencies across the piece, not only among insolvency practitioners, but perhaps at the Jobcentre Plus and Insolvency Service end, too. Between April 2008 and March 2009, there were 3,555 redundancies in County Durham. Of those, 513 were caused by company liquidations. Nationally, the figure stands at over 112,000. I want all those people to be treated the same—with respect, not as another commodity that needs to be sorted out, like a piece of machinery left on the site. We are talking about human beings, many with families, all with hopes and aspirations. The Bill will, I believe, go some way towards ensuring that they are treated with dignity.

How would such a Bill work in practice? It would oblige the insolvency practitioner to inform Jobcentre Plus of the situation as soon as possible, but before the liquidation is announced, where there are more than 20 employees involved. There will be an obligation on the administrator to work with Jobcentre Plus to prepare employees for redundancy. The employment service can then act in the most professional way possible and use its expertise to help the employees through the most difficult of times.

Those words and sentiments may be fine, but we need to provide further assistance to insolvency practitioners, Jobcentre Plus and the Insolvency Service. Their relationship needs to be better co-ordinated on the ground. That is why I have already met, both separately and jointly, Jobcentre Plus and R3, the insolvency practitioners' trade body. I intend to meet the Insolvency Service soon. The Department for Work and Pensions needs to provide R3 with hotline telephone numbers, so that administrators have one point of contact in a region. R3 needs to inform Jobcentre Plus of its major practitioners, so that high-level contact can be maintained at all times. The DWP should issue a rapid-response toolkit to insolvency practitioners, so that they can fully engage with the employees and Jobcentre Plus.

It is to the credit of Jobcentre Plus, the Insolvency Service and R3 that they are ready to look at the problem and to try to resolve it. R3 has assured me that it will work closely with Jobcentre Plus to ensure that people who face redundancy are offered the support and advice that they need. My right hon. Friend the Minister for Employment Relations and Postal Affairs has offered me the opportunity to meet the Insolvency Service to discuss the best way of ensuring that insolvency practitioners are aware of their responsibilities and act on them. I know that he has already written to insolvency practitioners, through the Insolvency Service, about the matter.

The main players—the DWP, the Department for Business, Enterprise and Regulatory Reform and insolvency practitioners—are nearing the same page, but I want to

[Phil Wilson]

see them on the same page; that is why the Bill is important. I want the sentiments that I have set out to be put into action. A code of conduct needs to be drawn up, and there should be regular meetings between the partners to ensure that the code of conduct is implemented by all parties. The trade unions agree with the move, too. There must be a role for them in the process, so that the whole architecture of the Bill is based on partnership. I welcome my right hon. Friend's assurance that his Department will look into introducing trade unions into that partnership.

I believe fundamentally that the Bill would close a loophole—an important loophole at that—in the Government's approach to helping the unemployed back into work. It is a well-known fact that the sooner someone who is out of work contacts Jobcentre Plus, the sooner they can access work. Today, as a result of the Government's proactive approach to getting people off the dole, 75 per cent. of those out of work still find a job within 6 months. By comparing my experience of this global recession with my experience of the home-grown recessions of the '80s and '90s, I hope to give extra impetus to the passage of the Bill, and give the Government confidence that our approach, which is to help those who are out of work, instead of leaving them to their own devices, is right. Doing nothing is not an option.

Unemployment in Sedgefield went up from 1,077 in February last year to 2,456 in February this year. The rate of increase has been rapid, but started from a low base. Even with that rate of increase, the present situation does not compare with the recession of the early '90s, and especially not with that of the 1980s. In January 1986, unemployment in Sedgefield hit 5,346. Of those people, more than 2,000 had been out of work for 12 months or more. Today, only 70 people in Sedgefield have been out of work for 12 months or more. The last time unemployment in Sedgefield was about 2,500 was in 1996. Almost 600 of those people—more than one in five—had been out of work for over 12 months.

Every person made unemployed is not only an economic tragedy but, more importantly, a personal tragedy for the individual and family concerned. That is why the Government have learned the lessons of the 1980s and 1990s. People who find themselves unemployed cannot be left behind. That is why access to Jobcentre Plus is imperative. In February some 250,000 people left jobseeker's allowance and found another job. This proves three things to me: people have better skills sets than they once did, Jobcentre Plus is doing its job by finding jobs for people, and the Government's economic strategy is beginning to work.

The response that I have received from Ministers, Jobcentre Plus, R3 and others to the issues outlined in my Bill prove that the Government are not complacent and are putting hard-working families at the centre of their actions. My Bill will build on the Government's proactive approach, and will go some way towards ensuring that those made redundant have the earliest possible access to the services provided by Jobcentre Plus. The Government are doing their best to treat those out of work with dignity. The Bill proposes to do the same.

Question put and agreed to.

Ordered,

That Phil Wilson, Mr. John Heppell, Jim Dowd, Mary Creagh, Dr. Roberta Blackman-Woods, Mr. Jamie Reed, Mr. Kevin Barron, Mr. Ian McCartney, Tony Lloyd, Mrs. Sharon Hodgson, Andrew Miller and Mr. Frank Doran present the Bill.

Phil Wilson accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 84).

INDUSTRY AND EXPORTS (FINANCIAL SUPPORT) BILL (PROGRAMME) (NO. 2)

Ordered,

That the Order of 16 March 2009 (Industry and Exports (Financial Support) Bill (Programme)) be varied as follows:

1. Paragraphs 3 and 4 of the Order shall be omitted.

2. Proceedings in Committee, any proceedings on consideration and proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at 7.00 pm at this day's sitting.—*(Ian Pearson.)*

Industry and Exports (Financial Support) Bill

Considered in Committee

[SIR ALAN HASELHURST *in the Chair*]

Clause 1

INCREASE IN LIMIT ON SELECTIVE FINANCIAL ASSISTANCE FOR INDUSTRY

Question proposed, That the clause stand part of the Bill.

3.43 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): I welcome you to the Chair, Sir Alan, for the Committee stage of our proceedings.

Clause 1 amends the cumulative limit on the financial support for business under section 8 of the Industrial Development Act 1982. I accept that, as such, it does not authorise actual expenditure, but can the Minister confirm that authorisation for the orders involved, under the new wording, will be made by affirmative resolution? Furthermore, does he accept that it would be good practice that when each order is submitted for debate, it should be accompanied by a detailed update as to the range of schemes involved and their current funding levels?

At present, the Government publish only an annual report, which is often unrelated to the issuing of the orders in question. It would be more helpful if we in the House had the chance to consider the current schemes at the time when we debate the Government's request to increase their funding limits. I would be grateful if the Minister would consider that carefully and make a specific response in his reply to the debate, should he catch the Chairman's eye.

On Second Reading the Minister cited as one of the main reasons for moving to a higher limit of £12 billion the Government's wish to switch away from grants and to increase the proportion of support in the form of loans and loan guarantees. Will he therefore tell us what proportion of the current £6 billion is in grants and what proportion is in loans and loan guarantees?

Overall, the Opposition agree that loans and loan guarantees are often a better form of business support than grants. After all, money for loans can be recycled, but loans are also treated differently by their recipients. When I ran my business a few years ago, I was also a mentor for the Prince's Youth Business Trust, helping young people to start up businesses. I saw then how the provision of loans motivated a start-up firm far more than a grant did. It is not that surprising; one is far more likely to try to maximise the value of funding if one knows that the money has to be paid back, than if one knows that it has been gifted.

On the whole, therefore, the Opposition support a shift in the balance of financial support. However, it would be helpful, not least in considering the clause, to understand better the current balance. Indeed, of the future £12 billion, and the potential £16 billion that the Government expect the Bill to cover, what proportion do they expect to take the form of a loan over the next five years?

Further, the Minister on Second Reading failed to inform us of the balance of the schemes and their exact proportion of the total. He mentioned a list of different schemes, and we have debated them on numerous occasions, but he has not told us which are the most important. So, in reply to this debate, will he tell us the five most important schemes by value under the clause, their current value and by how much he expects their value to increase with the new total of £12 billion? That will enable us better to understand the direct impact not only on small, medium and large enterprises, but on different business sectors, which I know he is keen to be seen to support.

Finally, on clause 1, the Minister mentioned on Second Reading that the Bill's remit includes funds for the post office network, and I am delighted to see the Minister for Employment Relations and Postal Affairs in the Chamber. Will the Under-Secretary of State for Business, Enterprise and Regulatory Reform, the Minister responsible for the Bill, tell us how much has already been allocated to the scheme, and how much has been paid out to date?

Lorely Burt (Solihull) (LD): I shall be brief, Sir Alan, as most of what I want to say will come towards the end of our proceedings.

On Second Reading, the Minister described a wide range of schemes that the legislation will cover, and the Liberal Democrats, too, welcome the emphasis moving from grants to loans and loan guarantees, because it creates a fairer playing field for industry generally and should constitute better value for money for the taxpayer. We welcome also the increase to £12 billion and the potential increase to £16 billion.

We appreciate that to elicit the loan guarantees, companies must undertake proper due diligence. However, hon. Members in all parts of the House have criticised the fact that the release of funds to companies, especially to small companies that are not seeking to borrow vast sums, is taking an inordinately long time. Will the Minister comment on the steps that are being taken to expedite the due diligence? The Government quite properly require it, but it can slow things up and is putting small businesses, in particular, which need help fast, beyond the reach of the schemes that were designed to help them.

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): Clause 1 is essential to enable the section 8 power of the Industrial Development Act 1982 to continue to be used to give financial assistance to industry for the purposes specified in that Act. It is necessary to continue to strengthen the provision of support for businesses so that they come through stronger from the current global economic downturn. The Bill seeks to amend the cumulative limit on financial assistance that may be provided under section 8 to an initial ceiling of £12 billion, which can be increased by four orders of up to £1 billion each to make an overall limit of £16 billion. We have proposed the £12 billion limit as it restores the ceiling to more or less the same proportion of GDP as was the case when the original Act came into force.

[Ian Pearson]

The business support that we now provide is often in the form of loan guarantees or loans. Those can offer better value for money for the taxpayer in the long term, as loans are repaid over time and only a proportion of guarantees will ultimately need to be met. The hon. Members for Hertford and Stortford (Mr. Prisk) and for Solihull (Lorely Burt) recognised and welcomed that.

I want to be clear that when we offer loans or loan guarantees, the full amount secured against public funds will count towards the section 8 limit. That is one of the reasons why we need to increase the limit; we debated the issue on Second Reading. We think that £12 billion is a sensible limit at the current time, when it is vital that we maintain sufficient flexibility to respond to the challenges ahead. I want to say something more about flexibility in a moment, because it is relevant to the hon. Gentleman's point about the balance of funds between grant schemes, loans and loan guarantee schemes.

However, I also want to be clear that the section 8 financial ceiling does not itself authorise any actual expenditure. The Bill retains the accountability to Parliament contained in the existing legislation, and I can confirm that that is through the need for affirmative orders of the Commons, which would replace the existing limits with new, higher ones, reflecting the need for continuing support for industry when necessary.

We have maintained the £10 million limit for the referral of single expenditure schemes back to the House. As the hon. Gentleman said, an annual report will continue to be published in the Commons Library, setting out how single projects are funded. Combined, the measures provide an appropriate balance between accountability and providing the Government with the legal power to respond to business need.

Mr. Prisk: The annual report can be helpful, but as the Minister will understand and Members on both sides of the House will appreciate, when we are considering an order for an increase of the not insubstantial sums identified in clause 1, it will be helpful if we can see the current point when we debate the issue in Committee, rather than just having the annual report. That was what my point was about. Does the Minister not accept that that would improve the quality of scrutiny in the House?

Ian Pearson: I understand the hon. Gentleman's point and I undertake to consider it. If we lay affirmative resolutions, we want to be able to give the reason why they are necessary. Obviously, that would relate to the spend or potential liabilities as a result of Government commitments.

The hon. Gentleman asked specific questions about the top five schemes. He can see them in the annual report. They include the grant for business investment—previously called "selective financial assistance"—the enterprise finance guarantee scheme and the Post Office reinvention programme; those would account for the bulk of it. The hon. Gentleman specifically mentioned the Post Office reinvention programme and, as he will be aware, we have made a commitment to the programme of £1.7 billion over the years 2006 to 2011. At this point, I cannot give the hon. Gentleman an actual expenditure figure, although I am sure that some of that information can be made available. However, it is clear that there is a programme of spending going on over a five-year period, and that that spending will take place at the appropriate time for the business.

Mr. Prisk: The Minister tells us that the three principal schemes include the Post Office reinvention programme. Some Members will be surprised that that comes ahead of, for example, the automotive assistance package, which they might assume would be larger. Is he telling us that that package is not even one of the most important packages in the total number?

Ian Pearson: No, I am not saying that. I want to draw a distinction between schemes that have been in the annual report previously and new schemes that the Government have introduced. As the hon. Gentleman will be aware, the automotive assistance programme was launched as recently as on 27 January this year. It is a new scheme and, as with all new schemes, it had to go through a process of securing EU state aid approval, which was granted on 27 February. We are in detailed discussions with several automotive companies about the programme. He will be aware of the recent announcements made under the European Investment Bank element of the programme whereby Jaguar Land Rover and Nissan have been offered loans by the EIB. We will want to report to Parliament on the automotive assistance programme and on other programmes in due course, because we believe that there should be full accountability in this area.

The hon. Gentleman will also be aware that the enterprise finance guarantee scheme, which replaced the small firms loan guarantee scheme, is now very much up and running. It is spending significant sums of money, to the tune of about £30 million in loans offered every week. The latest figures that I have seen show that well over 2,000 businesses have made applications to it.

I think that it is now time for the hon. Gentleman and the hon. Member for Solihull to welcome the new scheme and to recognise that the Government have introduced it in a remarkably short period, and that it is providing valued support to companies and helping to make a difference to those that are receiving it.

Lorely Burt: I am sure that all Members welcome any funding that is finally trickling through to business. The Minister mentioned Jaguar Land Rover. Its assistance under the EIB element has not yet materialised, as it is still waiting for the Government's due diligence to take place. It is obviously important that due diligence takes place, but it appears to be taking a long time. Why is that?

Ian Pearson: Let me clarify the situation. Jaguar Land Rover has successfully applied to the EIB for a loan to undertake a number of green projects, and it will be up to the Government to provide a guarantee for that loan. That is part of the package of support that Jaguar Land Rover will need to secure its long-term future. We are in discussions with the owners of JLR, as well as its management and its banks, about a package to ensure that it can continue to develop its model programme and have a secure future. The hon. Lady knows JLR well because of her constituency connections. She will be aware that as a west midlands MP, I am also fully aware of its strategic importance not only to the

west midlands economy but more generally to the automotive industry in the United Kingdom. We need to continue the discussions that we are having. However, I emphasise the fact that JLR is a successful company that, as with all motor companies, is suffering from the severe economic downturn, which has affected its business just as other businesses in the automotive industry have been affected. However, it was making good profits in the period January to June 2008, and there is absolutely no reason why it cannot do so in future. We need to continue to consider what is the appropriate role for Government in providing support to JLR, and we are doing that in the discussions that we are taking forward with it at the moment.

4 pm

The other point that I want to make about clause 1 is related to the request from the hon. Member for Hertford and Stortford that we seek to break down how much has been provided in grants and how much will potentially be provided in loans and loan guarantees. I do not have those figures to hand, but clearly expenditure, whether in the form of grants, loans or loan guarantees, all contributes to the need for an authority to spend. We are seeking through the Bill an increase in the limits. However, I will reflect on whether we can provide more and better information, not just in the form of an annual report but on a slightly more regular basis. It would not be appropriate to have a running commentary every week or month, but I recognise that it is not unreasonable to want some more detail about spending progress.

Mr. Prisk: I am grateful to the Minister, not least for being generous in giving way. I return to my original point. He highlighted the fact that the annual report, for example, showed a certain balance of schemes, and now events have changed. He is right, and we understand that that will continue to be the case. It seems to me that a logical pattern would be that when the Government need to come forward with a request for an additional increase over and above the existing limit, that is the obvious moment at which we in the House would benefit from being able to see the current snapshot of the balance.

I am slightly disappointed that the Minister does not have the figures on the balance between loans and grants, but I wonder whether he will ensure that at least some information can be provided to Members. We will not have the chance to consider this further, as this is the last day on which we will have the opportunity to discuss the Bill. Given the fact that Ministers cited the balance between grants and loans as the principal reason for change, it would be helpful if we could at least have the evidence of what the current balance is and what the Government's expectation of change is. Does the Minister accept that, and will he undertake to provide it?

Ian Pearson: I certainly accept that the reason why we need to increase the limits is that a lot of the programmes that we have looked to introduce have been guarantee schemes. Whether the headline guarantee figure is £1.3 billion for the enterprise finance guarantee or £2.3 billion for the automotive assistance programme, it all contributes to the need for the authority to incur expenditure. In that sense, I have given the hon. Gentleman some of the key figures. I shall happily write to him and put a copy of the letter in the Library, explaining a further detailed breakdown of the schemes as far as I can. Obviously some of that will depend on future draw-down of loan guarantees, so inevitably figures cannot be precise, but we can certainly provide more information. I am happy to undertake that that will be done.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2

ASSISTANCE IN CONNECTION WITH EXPORTS OF GOODS OR SERVICES

Lorely Burt: I beg to move amendment 1, in page 1, line 23, at end add—

'(3) Arrangements falling within subsection (2) may be made only if the Secretary of State is properly satisfied that an adequate case impact assessment has been carried out in accordance with the principles established for the Export Credits Guarantee Department or such other body performing comparable functions as the Secretary of State considers appropriate.'.

First, I extend my thanks to the Jubilee Debt Campaign, Transparency International and the WWF for the help and advice that they have extended. Clause 2 will amend the Export and Investment Guarantees Act 1991, which governs the Export Credits Guarantee Department's remit, so that the ECGD can provide financial backing for exports that are already under way. My concern is that that will allow for the possibility that the ECGD's business principles governing environmental standards, sustainable development impacts and corruption will be circumvented.

It is important that the Government do what they can to support British business in a time of recession. However, there is widespread agreement that such support needs to be sustainable and as green as possible, and that it does not do more harm than good. The worry is that the ECGD could, if it supports exports that have already been supplied without the usual due diligence, inadvertently support projects that have a negative impact on developing countries and add to their unjust and unpayable debt burdens. Civil society groups already have serious concerns about the role of the ECGD in supporting investments that have been linked to human rights violations, corruption, environmental damage and increased debt in poor countries. There needs to be an improvement in the ECGD's involvement rather than a reduction of the existing standards.

Transparency International UK says that there is no evidence that the Government have consulted interested civil society organisations or the Export Guarantees Advisory Council. Given the speed with which the amendment to the 1991 Act has been drafted and the lack of consultation, the consequences are potentially serious and need to be tackled. We are concerned that there is no safeguard for applying the business principles and anti-bribery provisions. To satisfy the ECGD's business partners' need for certainty and ensure speed of decision making, the business principles and due diligence procedures may be watered down. Many sectors with which the ECGD has the greatest involvement are historical hotbeds of corruption.

[Lorely Burt]

The ECGD currently carries out a case impact analysis to ensure that the principles will not be breached. We simply ask that the Secretary of State certificate that in some way. The ECGD, not the supplier, should undertake the due diligence. That is basically an on-the-record assurance that the case impact analysis has been done.

I am not trying to delay matters, but we must make provisions to ensure that, when the Government exercise discretion and award guarantees when the export process has already begun, at least the same principles are used to approve guarantees as those that apply when companies wait for approval before going ahead.

Mr. Elliot Morley (Scunthorpe) (Lab): I want to make several points about clause 2, which are very much in line with the comments of the hon. Member for Solihull (Lorely Burt).

I greatly welcome the general powers in the Bill, especially in clause 1, to support industry. My hon. Friend the Minister knows that I represent a steel constituency, and support for manufacturing, when justified, is important, especially in the current circumstances. I appreciate that he, too, represents a manufacturing area. I strongly welcome the powers to provide support for manufacturing.

The hon. Lady made some important points about clause 2. My hon. Friend knows that there have been several meetings about the powers that the ECGD should have to ensure that supported projects fulfil high standards of sustainable development, and have good environmental and social standards. He also knows that new guidelines have been drawn up for the ECGD. A debate is continuing with organisations such as WWF about whether the guidelines are adequate and meet the standards.

There is a worry that because of the wording of clause 2 some existing arrangements do not meet the ECGD's guidelines on sustainability and environmental standards. I would certainly welcome some assurances on that, because the issue might be one that my hon. Friend the Minister's Department could address by ensuring that even if there is some element of retrospection, as provided for in clause 2, an assessment could still be made of any potential scheme. That is important to the non-governmental organisation community, as well as many hon. Members in all parts of the House, including me, and I would welcome some assurances on it.

I would also appreciate perhaps just a comment about the wording of clause 2(1), which gives the Secretary of State clear powers to

"make arrangements under this section in connection with supplies by persons carrying on business in the United Kingdom of goods or services to persons carrying on business outside the United Kingdom."

That seems quite a broad definition, so I wonder whether my hon. Friend could clarify whether it gives the Department some flexibility in the potential standards that it might apply in relation to any loan guarantee.

Mr. Prisk: I commend the hon. Member for Solihull (Lorely Burt) for tabling amendment 1, not least because I hope that it will enable the Minister to put on record the Government's full position.

At the heart of clause 2 is the Minister's stated wish to update the facilitating role of the Export Credits Guarantee Department, notably, as we have heard from hon. Members on both sides, with more challenging export and overseas projects. The Government are right to say that the way in which high-value capital goods are transacted today has changed considerably since the original Export and Investment Guarantees Act 1991 was passed. Conversely, the scope for social, ethical and environmental due diligence by the Government has, for all the best reasons, increased over that period quite significantly. The net result can be, although not in all cases, to slow the ability of the ECGD to keep up with modern business timetables. There is therefore a case for trying to enable British exporters to trade, while not reducing our national approach towards ethical and environmental standards.

That is why clause 2 has the support of the CBI and, quite rightly, the British Exporters Association. It is also why we support the Government's aims in making such a change. After all, it is vital, as the right hon. Member for Scunthorpe (Mr. Morley) rightly pointed out, that we ensure that businesses can compete in a modern economy, now more than ever. However, there are reasonable questions about the effect of the clause, especially in the minority of cases where projects may have an important ethical or environmental consideration. As the hon. Member for Solihull rightly pointed out, the World Wildlife Fund has rightly set out questions about how projects might be underwritten retrospectively and about how the Government will ensure that they have not breached human rights or created unacceptable environmental damage. Other people are also concerned about the potential problem of bribery in those areas where corruption is rife.

Large-scale infrastructure projects would be especially challenging to police or to audit retrospectively. Equally, if a substantial contract—perhaps for a new dam or a bridge—is commenced, what is the likelihood of the ECGD subsequently withholding support, given the likely economic, employment or political difficulties in such a case? Those are reasonable questions.

Furthermore, as I understand it, the ECGD currently conforms to the standards set by the World Bank. I have tried to consider those and, as I see it, the standards clearly require assessments to be completed before financing is agreed. If that is true, does clause 2 not breach World Bank standards? It would be helpful if the Minister could confirm or clarify that.

For both those reasons we support amendment 1, which has been tabled by the hon. Member for Solihull. I hope that, in his response, the Minister will clearly set out the Government's policy and assure us that their standards will not be diluted as a result of clause 2.

Ian Pearson: I can indeed assure the Committee that there is nothing in clause 2 that dilutes the high environmental standards or the policies against bribery and corruption that are adopted by the Government. Let me respond to the debate by saying some words about the reason for clause 2. I apologise if I go slightly broader than amendment 1, but other hon. Members have done so, and it seems appropriate for me to do so, too.

4.15 pm

The hon. Member for Hertford and Stortford (Mr. Prisk) rightly raised the issue of the problem of using the word "facilitating" when it comes to the supplies of goods or services. That has created difficulties for British exporters, because the Export Credits Guarantee Department cannot facilitate exports if they have already been supplied. As the hon. Gentleman rightly pointed out, and as I did on Second Reading, there are two main reasons why the problems occurred and why this amendment to the ECGD's current powers was proposed.

The first reason is the way in which the high-value capital goods market now works, which often means that requests for ECGD support are made later in the process of export. Buyers or overseas project sponsors rather than the exporters often approach the ECGD for support and buyers seek support only after the exports have been procured and some of the relevant goods or services have been supplied. In many cases with these products, a process of supply takes place.

Secondly, the ECGD's decision-making processes have evolved in recent years to implement wider Government policy on corruption and on environmental and social impacts. I think that all Members will very much welcome that fact. These are directed by the ECGD's business principles and involve rigorous due diligence. Of course, that can take time and can delay the ECGD's ability to make a decision until the supply has been completed. The amendment would allow the ECGD to support exports that have already been made by the time the ECGD has completed its due diligence, but I want to assure this Committee of the whole House that clause 2 does not in any way detract from the rigorous standards that we want to apply to any export that the ECGD is considering exporting.

Amendment 1 concerns the application of the ECGD's environmental policies. I re-emphasise the fact that the clause does not alter the ECGD's business principles or the triggers for their application to cases. If there were to be a change to the ECGD's practices in that regard, ECGD's business principles themselves state that the ECGD will consult.

I also report to the Committee that, as my noble Friend Lord Mandelson announced yesterday in the White Paper "New Industry, New Jobs", the ECGD will in the weeks ahead consult on ways of further supporting levels of credit for UK exporters. The Government will ensure that the support offered by the ECGD plays a significant role in supporting UK exporters when demand picks up. It is right to consider at this time a wider role for the ECGD in providing support, but we will consult on that.

I invite the Committee to reject the amendment proposed by the hon. Member for Solihull (Lorely Burt), for three reasons. I do not believe that it is necessary, appropriate or workable, so let me try to explain why. The amendment is based on the assumption that clause 2 will somehow weaken the ECGD's application of its business principles. As I have been at pains to make out, that is not the case. The assumption is mistaken. Clause 2 allows the ECGD to provide support for British supplies that have been made by the time assessments have been completed. It makes no change whatever to the business principles. The only difference is that the circumstances in which the ECGD may consider giving support have been extended to include supplies already being made. It is thus the Government's strongly held view that the amendment is simply unnecessary.

I believe that the amendment is also loosely drafted. It is not clear whether the requirement to carry out a case impact assessment is intended to apply to all exports supported by the ECGD or just to a sub-set of them, such as exports completed before it makes the decision to provide support or exports completed before the Bill comes into force and before the ECGD makes the decision to provide support. One interpretation of the amendment might be that a case impact assessment is required only in relation to exports completed prior to the Bill's coming into force and/or to exports completed prior to the ECGD making a decision to provide support. It seems odd to require a case impact assessment for a sub-set of the ECGD's business only.

The amendment could also be interpreted more widely to apply to all exports supported by the ECGD. A statutory obligation would be imposed on the ECGD to conduct a case impact assessment before entering into any arrangements in connection with exports under section 1 of the ECGD's governing Act. That would represent a change in the ECGD's policy in a way that is not within the scope of the Bill, and it would not be appropriate to change the ECGD's environmental policy by statute.

I assume—although it is not made clear—that the amendment is intended to enshrine in statute the ECGD's case impact assessment as it exists today, and to give statutory force to the assessment. I believe that that would be largely unworkable. The ECGD's application of its business principles, including those that govern when a case impact assessment must be carried out, is a matter of publicly stated policy.

Maintaining the business principles as a policy allows them to be adapted to take account of changes in international standards: for example, to reflect new recommendations and common approaches issued by the Organisation for Economic Co-operation and Development on bribery and corruption, sustainable development or the environment. If the business principles or any aspect of them were enshrined in statute, it would be much more difficult for the ECGD to comply with its international undertakings, as primary legislation would be required on each occasion to allow it to adapt the relevant business principles to reflect changes in international agreements.

Similarly, primary legislation would be required for any increase in the rigour of the business principles, and I do not think that some of the groups mentioned by the hon. Lady would want that to happen. We want the ECGD to maintain high standards, but I do not think that enshrining the business principles in statute and having to pass primary legislation every time we wanted to change them represents a good use of parliamentary time. Given that—as Members will know—the OECD is currently discussing changes in some of these areas, I do not think that that would be workable in practice.

My main point, however, it that the amendment is unnecessary. I can give the hon. Lady the assurance that she seeks: no watering down is taking place. The ECGD's business principles will continue to apply—on bribery and corruption, sustainable development and the environment—and the ECGD will continue to apply

them as rigorously as it does today. I hope that, given those assurances, she will seek leave to withdraw her amendment.

Lorely Burt: I am grateful to the Minister for his thorough explanation, and for all his technical explanations of why the amendment is not entirely appropriate. I think that it has achieved what it set out to achieve: to have placed on the record assurances from the Government that there will be no watering down and no circumvention of the business principles. Therefore, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 2 ordered to stand part of the Bill.

Clause 3 ordered to stand part of the Bill.

The Deputy Speaker resumed the Chair.

Bill reported, without amendment.

Third Reading

4.24 pm

Ian Pearson: I beg to move, That the Bill be now read the Third time.

This is a small Bill with just three clauses, but as the House agreed when we considered it at an earlier stage, it is vital that we continue to help businesses as much as we can in these exceptional economic times. The Bill proposes two amendments to the Industrial Development and the Export and Investment Guarantees Acts.

The first clause is essential to enable the section 8 power of the Industrial Development Act 1982 to continue to be used to give financial assistance to industry for the purposes specified in that Act. That is necessary to continue to strengthen the provision of support for businesses so that they can come through the global economic downturn stronger. As has previously been explained, the Bill seeks to amend the cumulative limit on financial assistance that may be provided under section 8 to an initial ceiling of £12 billion increasable by four orders of £1 billion each to an overall limit of £16 billion. We have previously discussed this measure, and I think there is widespread support for it.

The new forms of support that the Government have been seeking to provide for industry have principally been loan guarantees or loans, and I think there has been acceptance on both sides of the House that that is an appropriate policy intervention. That is why we propose today to increase the limits. Let me offer the example of the enterprise finance guarantee scheme, which has been providing real help to viable businesses.

Since the launch of the scheme in January, almost £270 million-worth of eligible applications have been granted or processed or assessed from more than 2,300 firms. On 31 March, we announced the solutions for business portfolio, which makes it simpler for businesses to access the support they need. For the first time, all Government help for business, including section 8 support schemes, now share an easy, identifiable banner and can be accessed through Business Link. That has been welcomed by a wide range of business organisations, including the British Chambers of Commerce and the CBI, but without the introduction of the new limits, the legislative basis for those proposals under section 8 would be exceeded on reaching the limit of £6.1 billion allowed by the Industrial Development (Financial Assistance) Act 2003. We therefore need the new powers to ensure that viable businesses continue to receive the support they need.

Clause 2 has also been welcomed by the CBI, and I hope that environmental groups and groups that are active in the field of ensuring that the UK has high standards in combating bribery and corruption understand the points I was making in response to the amendment tabled by the hon. Member for Solihull (Lorely Burt) about the Government intending to continue to maintain high standards and their business principles when looking at large capital goods exports. The Export and Investment Guarantees Act 1991 governs the work of the Export Credits Guarantee Department, a Government Department that reports to the Secretary of State. As I have said, we have had difficulties with the facilitating of supplies and clause 2 seeks to address that. The high-value capital goods market works very differently now from the way in which it did a number of years ago, and the measure essentially clarifies and legitimises ECGD support, rather than in anyway diluting the standards that would apply when assessing individual applications for high-value capital goods; I am happy to confirm that.

If that amendment were not made, British exporters would continue to risk discrimination from overseas project sponsors, because ECGD would not be able to give the type of support that sponsors want. Other export credit agencies in competitor nations are not restricted in the same way in supporting exports that have already taken place, and without this change ECGD support would be reduced as a result of the increasing number of applications that are made to it at too late a stage in the project for its support to be given. That, of course, would be the position in any circumstances, but in the current economic circumstances support for British exports is particularly important. Over recent months, interest in ECDG support and applications for its assistance have, unsurprisingly, increased significantly. The export industry has made it clear that it feels that the problems that we are addressing through clause 2 are serious for it, which is why it has welcomed the amendment.

As I have made clear, the special interest groups that are concerned about this amendment can be reassured by the fact that the criteria applied to projects where the export has been completed will not be altered or made less stringent. The business principles, whether they relate to the environment or to bribery and corruption, are not weakened as a result of the amendment—indeed, it meets a recommendation of the Environmental Audit Committee that would, in the EAC's view, strengthen the ECDG's environmental scrutiny. A report on the ECDG and sustainable development that the Committee published last year recommended the following:

> "No offer of support should be made, whether actual or provisional, until ECDG's Business Principles Unit has completed its assessment"

of the project for which the exports are destined. Although I do not agree that the ECDG's environmental scrutiny might be compromised by provisional offers of support, the Bill allows the ECGD to implement the EAC's recommendation. Its environmental scrutiny can now be completed, and a final offer of support made thereafter, without regard to the timing of the delivery of the export.

We face a unique set of economic challenges. I am pleased that hon. Members from all parts of the House have recognised the need for these additional powers and have been supportive of the main aims of the Bill, and I am grateful for the constructive approach that Opposition Members have taken. This Bill may not

have had a lengthy passage—it has indeed been a short one—but there has been a proper opportunity for scrutiny on Second Reading and in Committee. These important measures will help to deliver the real assistance and support that business needs at these difficult times, and I commend the Bill to the House.

4.32 pm

Mr. Prisk: I thank the Minister for the courteous way in which he deals with my many and often detailed questions. I hope that they keep him and his office busy, but my intention is to ensure that the House's scrutiny is thorough. He is always courteous in how he handles it, despite being on a sticky wicket, and he defends his position with patience and a degree of calmness that I suspect others would not achieve; I appreciate that, as I am sure the House does. May I also take the opportunity at the beginning of Third Reading to thank the Clerks for their support, because the legislation of this House makes progress only with the aid of their efficiency and effectiveness? We rarely commend and thank them, but we should do so more often; I just wanted to put that on the record.

The Minister has alluded to the fact that the passage of this Bill has been brief, and that brevity belies the huge sums attached to it. After all, it is not every day that three clauses equate to £16 billion. Conservative Members support raising the upper limits, and we are satisfied that the House will have the appropriate opportunity to scrutinise the process. We also recognise the need to update the law on exports and for Government to help British business to remain competitive. We, along with other Members, have raised our concerns in respect of ensuring that ethical and environmental standards are maintained, and I accept the assurances that the Minister has given.

Our concern lies not so much with the legislation or the intentions that it will enact, but with the wide gap between Ministers' rhetoric and the speed and effectiveness of their actions. As with the Chancellor's Budget tomorrow, it will not be the words expressed from the Dispatch Box that will lead this country out of recession but how effective Ministers are in delivering real help. On that, this Government's record has been at best slow, at worst inadequate and all too often incompetent. For the sake of hundreds of firms and thousands of workers, we need change and we need it now.

4.34 pm

Lorely Burt: As the Minister said in his opening remarks, this is a small Bill of huge importance to industry and the future prosperity of this country. It is certainly big on cost, with financial assistance of £6 billion which could be increased to a total of £16 billion. It is also big on help for our exporters. In 2007-08, £1.8 billion in export loans was guaranteed. It is also big in its implications for Britain's reputation overseas on the environment, human rights and sustainable development, as well as potential corruption and how we deal with it. So it is a big Bill, although it has not received great scrutiny.

We support the first clause, and we agree on the emphasis on a shift from grants to loans and to loan guarantees. Unlike the Conservatives, we believe that in times of great economic difficulty we should do all that we can to help companies, but it has to be real help in real time. Like the hon. Member for Hertford and Stortford (Mr. Prisk), I feel that the gap between Government announcements and the provision of real money is still too great. Earlier, I asked the Minister whether he could comment on why due diligence was taking such a long time, and whether other issues were hampering the provision of financial help to companies through the Government schemes that have already been announced.

The Minister was good enough to mention Jaguar Land Rover and the £350 million European Investment Bank funding under the clean transport facility loan. That brings me on to green issues and the assistance provided by Government loans and guarantees. JLR is the leading automobile research and development company in Britain, so any help is well merited. We welcome the announcement of the £5,000 to be given towards the purchase of electric cars from 2011, but why were electric vans not included? I have in mind LDV, which has electric vans ready to roll off the production line. If we are talking about reducing carbon emissions, it would be hugely beneficial to substitute many of the vans on the roads today with electric vehicles.

On Second Reading, the Minister did not answer three of my questions, so I shall give him the opportunity to respond to them now. I asked him about help for lease financing companies, which have not been included in the banking industry support schemes although those companies afford tremendous help to small businesses that are arguably the most vulnerable in these difficult economic times. On the issue of the small business automatic rate relief, I suspect that the Minister will tell me off and suggest that I wait until tomorrow. I hope that we will hear some good words from the Chancellor on that.

I also floated a minimal cost idea, which involved a register of administrations and the publication of whether a proposed customer has a history of liquidating companies. It would be relatively easy to see what sort of relative risk would be afforded if one went into business to supply a company whose directors had a history of liquidating companies.

We support the scheme in clause 2 in principle, with the provisos that the Minister has already given to us in amendment 1. However, it is worth looking at who benefits. I looked up the Export Credits Guarantee Department's annual review and resources account for 2007-08. What did I find? Of the total business support of £1.8 billion, more than £500 million went to Airbus, whereas £750 million went to BAE Systems and was spent on defence—

Madam Deputy Speaker (Sylvia Heal): Order. I have given the hon. Lady some leniency, but on Third Reading we are meant to be discussing the content of the Bill, rather than posing questions as the hon. Lady is doing.

Lorely Burt: I am grateful for your guidance, Madam Deputy Speaker. I was merely trying to talk about what the Bill will achieve in terms of supply and about where guarantees paid for out of taxpayers' money are being directed. We have a worry—there was a conversation on this subject earlier in the debate—about the proportion of supply that went to smaller companies and to larger companies. My point was that the huge companies seem to be swallowing the guarantees while a relatively small amount of money goes to smaller exporters.

[Lorely Burt]

In conclusion, although we welcome the Bill overall, we have some reservations. We would be grateful if the Minister considered conducting a review after a year or so to allow the House to scrutinise whether the Bill is working as well as we all hope that it will.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

HEALTH CARE AND ASSOCIATED PROFESSIONS

That the draft Health Care and Associated Professions (Miscellaneous Amendments and Practitioner Psychologists) Order 2009, which was laid before this House on 5 March, be approved.—*(Mr. Blizzard.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

BETTING, GAMING AND LOTTERIES

That the draft Categories of Gaming Machine (Amendment) Regulations 2009, which were laid before this House on 10 March, be approved.—*(Mr. Blizzard.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

EUROPEAN SECURITY AND DEFENCE POLICY

That this House takes note of European Union Documents No. 16686/08, French Presidency Report on European Security and Defence Policy, and No. 17104/08, Report on the Implementation of the European Security Strategy-Providing Security in a Changing World; welcomes the French Presidency's report and the High Commissioner's review; and supports the Government's position that UK and European security are enhanced by action co-ordinated at an EU level.—*(Mr. Blizzard.)*

Question agreed to.

4.43 pm

Sitting suspended (Standing Order No. 20).

Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*]

Debate resumed.

Question (15 January) again proposed,

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 22 January 2007, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

7 pm

Tony Lloyd (Manchester, Central) (Lab): This is rather like old times, I suppose, Mr. Deputy Speaker. The business before the House tonight consists of two revival motions, and I know that you would take a dim view were I to stray beyond the arguments in favour of or, indeed, against revival. The debate is clearly narrow, and I hope that, on that basis, it can be short and succinct.

It is worth reminding the House that the revival of this type of private Bill has been common practice for a long time, and I am told that opposition to revival motions is relatively unusual in the annals of the House. In that context, and given that the Bills that received a Second Reading on 29 October 2008 passed that stage so recently, and that the other Bills that we will discuss did not have the chance of being given a Second Reading even though there was lengthy debate, I want to establish that, after less than six months, it would be almost absurd for the House to refuse the revival motion.

In that spirit, I hope that I can say confidently to the Chamber that the revival ought to go ahead. It is up to those who oppose it to put, with your permission, Mr. Deputy Speaker, their narrow and brief case as to why it should not.

Mr. Christopher Chope (Christchurch) (Con): Surely the hon. Gentleman needs to address the fact that, since the Bills came before the House, the Durham university report has been published. I am sure he will accept that it throws considerable doubt on many assertions in the promoters' statements.

Tony Lloyd: For the record, the Durham university study does not show that. For example, it said that, even to a sceptical inquirer, it was clear that there were circumstances in which such legislation would be important to certain local areas. I speak from the point of view of Manchester, but I am sure that my colleagues from Leeds and Nottingham, who are alongside me, and those from Canterbury, Reading and Bournemouth, who are also present, share the same sentiments in respect of their own localities. That is an important point. In any case, the hon. Gentleman's argument about detail and the study's merits, while fascinating and worthy of debate, would be better conducted when those Bills that have received a Second Reading move into Committee. Indeed, with your agreement, Mr. Deputy Speaker, and if we can secure the revival motion for those Bills that have not yet had a Second Reading, we might debate the merits of the Durham study during their Second Readings, too.

In that spirit, I hope the whole House will accept that a revival is desirable. It is only a matter of months since the Bills were debated, and it was clear at the time that, barring a small fringe, a majority of the House massively supported them. It would be contemptuous of the House not to accept the spirit and, indeed, the letter of the revival. In that context, I support the first and, by reference, second motions, on private business which appear on the Order Paper tonight.

7.4 pm

Mr. Christopher Chope (Christchurch) (Con): I welcome this debate because it should give the promoters of these Bills the opportunity to show cause as to why they should have leave to proceed with them in the current Session. The provisions of Standing Order No. 188B, which relates to the revival of Bills, make it clear that there is no right to have a Bill revived and that it is a matter of discretion for the House. It is therefore relevant to look at the history of the Manchester City Council Bill and the Bournemouth Borough Council Bill, which goes back to 22 January 2007, when they were originally introduced in the other place.

Since then, much has happened that renders the Bills, particularly in so far as they relate to pedlars, no longer appropriate. I have particular reason to be concerned about clause 5 of each Bill. A Select Committee in the other place scrutinised the Bournemouth Borough Council Bill in detail in 2007. One of its conclusions was that it had

"strong reservations about the use of piecemeal private legislation to remedy perceived problems in national legislation."

The justification given by the promoters for continuing to proceed with the Bills was that nothing was happening through national legislation and that therefore local solutions were needed.

However, the caravan has moved on. As a result of pressure from both sides of the House, the Government agreed last summer to commission research from Durham university on the application and perception of local authority controls and pedlar legislation. I opposed the Second Readings of these two Bills—because, among other reasons, I regarded them as premature. I argued that we should await the publication of the Durham university report. For the same reason, I objected to the Bills' being carried over into this Session. The Government provided no time to debate those carry-over motions before Prorogation last November. That, in turn, resulted in the promoters seeking the indulgence of the House to allow them to revive the Bills in this Session.

I accept the point made by the hon. Member for Manchester, Central (Tony Lloyd): the two Bills that we are considering both received a Second Reading in the House. However, they received it before the Durham university report had been published. I do not know whether you, Mr. Deputy Speaker, have had the chance to look at the report, but I should say that it extends to 97 pages and, in my submission, represents an important and timely contribution to the debate on these Bills.

The report was published by the Government earlier this year and because of its findings I had expected the hon. Member for Manchester, Central—*[Interruption.]* He is not paying attention to the debate at the moment. I had expected the hon. Gentleman to have a much more contrite mindset about the alleged justification for

[Mr. Christopher Chope]

including clause 5 in his Bill. I shall expand on this in connection with the other Bills, but I should tell him that I have had discussions with two of the local authorities concerned in this private legislation—those discussions continued today—and I have to report their willingness to be much more receptive to the clear evidence of the Durham university study. It is a matter of regret to me that in his short introduction to tonight's proceedings, he did not refer to that important report. Among other things, the report draws attention to the fact that there have been only five convictions in the whole of Manchester in the period 2002-06—hardly indicative, one might think, of a really serious issue that needs to be addressed by this House, and has so far been addressed at considerable length.

Philip Davies (Shipley) (Con): My hon. Friend makes a very powerful case on these matters. Does he agree that it is also important to reflect on what implications there would be for neighbouring local authority areas if the regulations were introduced?

Mr. Chope *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I hope that the hon. Gentleman will not be too distracted by his hon. Friend, because he understands, I am sure, the careful distinction that we have to make in this debate about what are strictly matters to do with the revival motion rather than with the actual merits of the Bill, where the House has already made a decision. It is a question of whether there would be an opportunity for further consideration of these matters were the revival motion to be approved by the House.

Mr. Chope: As ever, Mr. Deputy Speaker, I am grateful for your guidance.

Mr. Greg Knight (East Yorkshire) (Con): While of course I accept that what has been said from the Chair is correct—and is, indeed, always correct—is it not the case that when deciding whether one should give consent to carry over a Bill, the question whether there is still a need for the provision must be relevant to making that decision?

Mr. Chope: That is absolutely fundamental. What has happened in this case is a change of circumstances. Where there is fresh evidence, it behoves Members of this House to consider the new situation. The Durham university report makes it clear that if a local authority wishes to use private legislation to change the law in this respect, it needs to have strong evidence—the very last statement made in the report; I do not quote it exactly but summarise, I think fairly. If that is so, it is all the more incumbent on the promoters of the Bill to address the issues contained in that report, particularly the finding, which we were never able to get out of them in the debate in June last year, that in the period 2002-06 there were only five guilty verdicts in Greater Manchester and only three in Dorset—of course, those are the two areas affected by the Bills that we are discussing. The most fair-minded person might say, "If, in that period, only five incidents have resulted in convictions in one area and three in the other, does that really merit the introduction of a complete change in the law with new private legislation?" This is new evidence before the House that was not available to us when we considered the matter previously, and that needs to be taken into account.

Mr. Peter Bone (Wellingborough) (Con): This debate is about the revival of the Bill. Could not the Government have found time for a carry-over motion in the previous Session? The only argument from the hon. Member for Manchester, Central (Tony Lloyd) as to why this revival should take place was that revivals usually take place, which does not seem a very powerful case.

Mr. Chope: I am not sure that revivals normally take place; it is a question of judgment. I think that there is a precedent, which has been cited, to the effect that if a Bill has not received its Second Reading during the whole of one of our parliamentary Sessions, it would prima facie not be right for that Bill to be the subject of a carry-over motion or a revival motion. I accept that that constraint does not apply to these two Bills, although it may have some relevance to the subsequent debate.

It is quite clear from examining the private business Standing Orders that this is a matter of discretion for the House. You may recall, Mr. Deputy Speaker, that I objected to the carry-over motion that was put forward at the end of the last Session in respect of the Northern Bank Bill. I objected to the Bill and made it clear to its promoters that it was not going to be a straightforward tick-in-the-box procedure, and they decided to withdraw it. They recognised that it had not made any progress during the Session, and implicitly recognised that they needed to go back to the drawing board to see whether the Bill was still relevant.

Lorely Burt (Solihull) (LD): Members on both sides of the House have now said that this is a matter for the discretion of the House. Perhaps I am not as well versed as the hon. Gentleman in the wonderful and mysterious ways in which the House works, but if it is a matter for the discretion of the House, why do we not divide and let Members use their discretion to decide whether the Bills go forward?

Mr. Chope: I do not think that anybody is ruling out the possibility that there could be a vote on this issue, and then we could find out the view of the House. However, it is a pretty novel proposition that we should not have any debate in this House about the motions that are before us. I happen to think that it is a pity that there was so little debate on the previous business this afternoon that the sitting had to be suspended for more than two hours, at a time when the way in which we conduct ourselves is very much in the public eye, but that is another issue and I will not go down that route.

One of the major findings of the Durham university report was:

> "The scale of pedlary in Great Britain is relatively modest, with an estimated 3,000-4,500 pedlars being granted certificates to trade by police forces. There is little evidence that certificated pedlars present problems in city centres, nor are they generally in direct competition with shops or street traders. Indeed, consumers valued their presence in town centres and regarded buying from pedlars as a positive experience."

That is a direct quotation. In trying to find out the attitude of ordinary members of the public towards

pedlars, the report's producers commissioned research in two city centres. One was Edinburgh and the other was actually Manchester. There is a detailed set of findings in the Durham university report on the views of the public in Manchester, which are that there is no great problem with pedlars. The public think that pedlars add to the character of the neighbourhood and they enjoy using their services. Of course, we have made the point before that it is not compulsory to use their services, but the public enjoy their availability and recognise that they make a major contribution to Manchester's entrepreneurial flair, which has national renown.

The evidence in the Government's report is completely at odds with many of the assertions that the hon. Member for Manchester, Central made when he introduced the Bills on Second Reading. In my submission, the fact that the promoters' assertions have been found wanting by the independent report is relevant in deciding tonight whether the Bills should be allowed to be revived in this Session, notwithstanding the fact that we are already halfway through it.

A further finding of the Durham report, which echoes the speeches that several of us made during the Second Reading debates, is that the problem is illegal street trading rather than the activities of genuine pedlars. That point was made a lot, but the hon. Member for Manchester, Central, my hon. Friend the Member for Bournemouth, West (Sir John Butterfill), whom I am delighted to see in his place, and others disputed it hotly. However, we now have objective evidence from the Durham university study that shows that the evidence that local authorities submitted conflated illegal street trading with the activities of genuine pedlars. According to the report, the promoters of the Bills and their supporters showed confusion about the different identities of pedlars, illegal traders and rogues, just as the Durham university researchers found that local authorities generally had done.

Mr. Julian Brazier (Canterbury) (Con): What is the difference between an illegal street trader with a pedlar's licence and a pedlar who trades illegally? The problem is pedlars trading illegally on the streets of Canterbury—it may not be a problem nationally. What distinction is my hon. Friend trying to draw? He mentioned "promoters of the Bills", presumably referring to me. Will he explain the distinction?

Mr. Chope: I referred to the Bills' promoters, but obviously my hon. Friend is promoting the Bill about Canterbury—a city council—which is the subject of the second debate tonight. Mr. Deputy Speaker has already made it clear that he does not believe that it is appropriate to go into the merits of the Bills. However, to give my hon. Friend a summary response, I commend the Durham university report to him. I do not know whether he has read it, but it is available on the Department for Business, Enterprise and Regulatory Reform website. I am delighted that my diligent hon. Friend the Member for Cotswold (Mr. Clifton-Brown) has not only read and digested it, but has a copy of it in the Chamber. If my hon. Friend the Member for Canterbury (Mr. Brazier) reads it in full, he will realise that there is a clear answer to the problem that he has raised, and that the findings are not in accord with the prejudices that he brings to the debate, doubtless based on his experiences in Canterbury. However, in the light of the objective report, I do not believe that those experiences warrant the proposed legislation.

Mr. Brazier: I am grateful to my hon. Friend for giving way. Will he now answer my question?

Mr. Chope: I will not answer my hon. Friend's question directly, but simply refer him to the report because I do not want to consider the merits of the Bills. I want to consider carry-over, which is the subject of the motion. I appreciate that my hon. Friend may mischievously be trying to tempt me into a conflict with the Chair about the procedures, but I shall not be drawn into that. The merits of the Bills have been tackled: I commend the Durham university report to my hon. Friend.

However, I ask my hon. Friend and the other promoters what their response has been to the findings, which came as a relief to many pedlars, but were a surprise to several people who had been seduced into believing that there was a problem that primary legislation needed to address.

Philip Davies: I admit that I have not been on the Department's website, so will my hon. Friend tell us whether, given that the Government commissioned the report, they have produced a response to it?

Mr. Chope: My hon. Friend raises a point that I was going to come to in a minute. In response to a written question from the hon. Member for Bolton, South-East (Dr. Iddon) in March, the Minister said:

"The Government will publish a consultation document this summer. Taking into account the findings of the report, we will be seeking views on possible changes to street trading and pedlar legislation, and on draft guidance on the current regime."

That answer was given in response to a question about when the Minister would

"start his consultation on the findings of the Street Trading and Pedlary in Great Britain report".—[*Official Report*, 30 March 2009; Vol. 490, c. 913W.]

Philip Davies: That is a very helpful reply. Does my hon. Friend therefore agree that that response from the Government should simply conclude the matter for now and that we should all wait until that review takes place? It seems pointless to take any action now, when that review will take place in the summer.

Mr. Chope: As so often in the House, my hon. Friend makes a compelling statement of what most people would regard as common sense. The issue has national implications, not least because pedlars' certificates have a national ambit when they are issued. The issue has been the subject of detailed research and the Government are now saying that they are going out to consultation. At best, that may result in some guidance, which is very much needed—people on all sides of the argument would recognise that—and it could result in some legislation.

Why do the promoters not seem to want to go down that path of common sense? As I have said to the hon. Member for Manchester, Central, his Bill—the Manchester City Council Bill—may well continue in Committee in this Session, but he will have to take account of the fact that it cannot get on to the statute book until after Report. I anticipate that when my colleagues and I table

[Mr. Chope]

amendments on Report that reflect the findings of the Durham university report, it will not be just us arguing for them, but the Minister himself—if he is still in the Government then—because those amendments would be a reflection of common sense and the findings of the Durham university study.

Mr. Deputy Speaker: Order. I am sure that the hon. Gentleman does not want to anticipate the selection that would take place in those circumstances.

Mr. Chope: Certainly not. Nor do I want to anticipate my drafting of any possible amendments.

Mr. Greg Knight: My hon. Friend is making an interesting speech, but is not the flaw in the argument that he is developing that if the promoters say, "Well, the Government are going to consult, so we don't need to carry over," they will, in effect, have to go back to square one? If they decide that they want legislation that goes beyond what the Government eventually propose, they will have to start all over again. Would not the promoters' argument therefore be that they want the carry-over motions in order to keep their options open?

Mr. Deputy Speaker: Order. For the guidance of the House, it is fairly plain that we have a motion before us for carry-over. It is the merits of that motion that the House is now obliged to consider, rather than the motivation that might lie behind it. The motion is here and it is being debated. I suggest that that is what we strictly do.

Mr. Chope: Certainly, Mr. Deputy Speaker. In fact, the motion is for a revival rather than for carry-over, because the carry-over motion was objected to before Prorogation.

Mr. Bone: I am grateful to my hon. Friend for being so generous in giving way. He should forgive me if I do not understand the procedure—I am a new boy here—but if national legislation is anticipated for the future, why on earth are we considering reviving private legislation that might contradict what the House decides that national legislation should be?

Mr. Chope: My hon. Friend makes a very fair point. One of the questions that we must consider in deciding whether we wish to revive the Bills this evening is whether they have been so discredited as a result of the latest findings and so upstaged by the Government's announcements to which I have referred that they are now almost redundant and will not make any progress.

I have now come across page 70 of the Durham university report, which states:

"The evidence for private acts should however be convincing, both in terms of the evidence of a problem, as well as the solutions having the desired effects. Local authorities hoping to adopt legislation...should provide a strong case to justify their adoption."

That is where the promoters of these two Bills have fallen down: perhaps before the publication of the Durham university report, we would have thought that there was not such a stringent test; now that the report has come out, I think most fair-minded people would say that the test is reasonable. We obviously have to take into account the use of the House's time, the burden placed on those participating in Committee and whether that Committee stage will be worth-while, having regard to the constraints to which I have already drawn attention and the possibility that when the matter gets to Report, the Government might seek major amendments to the Bills—with or without the support of Opposition Members and others who are concerned about ensuring the future of pedlary in this country. I have been unable to tease out from the promoters of the Bills their response to the Durham university report. In my submission, it is not an academic matter; it goes to the heart of whether or not these Bills should be revived.

I also want to draw attention to the fact that if the promoters were, in the light of the Durham university report, prepared to withdraw clause 5 from each Bill, thereby disapplying the application of the Bills to pedlars, I am sure that those who have been concerned about these Bills would be happy to respond positively. To go back to the point raised by my right hon. Friend the Member for East Yorkshire (Mr. Knight), it would mean that these Bills could go through very quickly because there would effectively be no opposition to them. What could be more reasonable and sensible than that? To adopt what is tantamount to a heads-in-the-sand approach should give us all great cause for concern, not least because such stubbornness will inevitably result in an elongation of proceedings.

We have established that there is a difference of view between the different promoters of these different Bills; up to now they have been treated as if they were a block of Bills, but we have now found that two councils are willing to admit to substantial amendments in respect of clause 5, but the other four councils are not willing to do that. That is a new development since the last debate on these matters and is a relevant factor in considering whether it is appropriate to allow these Bills to be carried over.

Mr. Bone: Is my hon. Friend able briefly to say which two councils have compromised and which have not?

Mr. Chope: Yes, I am. I met representatives from Leeds city council and from Reading borough council today, and on a previous occasion I met representatives from Leeds city council. Both those councils—in fairness to them, they have a different view about their own needs compared with their colleagues' needs—recognise that their priorities can be satisfied without penalising pedlars in a way that causes a great deal of concern to my hon. Friend and, indeed, to other Members.

Martin Salter (Reading, West) (Lab): The hon. Gentleman will not be surprised to learn that I have been closely involved in the discussions with Reading borough council and the business community in the Reading area. Will he reflect on his earlier comments, which seemed to suggest that Reading borough council was prepared to withdraw its Bill? In fact, that is not the case.

Mr. Chope *rose—*

Mr. Deputy Speaker: Order. I think that the hon. Member for Christchurch (Mr. Chope) anticipates what I am about to say. Canterbury has already been raised;

Reading has now been raised—but the motion concerns Manchester and Bournemouth. I hope that the hon. Member for Reading, West (Martin Salter) will not think that I am trying to encourage the hon. Gentleman to go down the wrong route. I am sure that he knows not to do so.

While I am on my feet, let me say this. I think that it is a question of balance. It is quite difficult to maintain an equitable distinction between the content, or the merits, of the Bills and reasons why a revival motion should or should not be accepted. The fact of the report to which the hon. Member for Christchurch has referred is an argument in question. To give too much detail about that report would, I think, tilt the balance unfairly.

Mr. Chope: As ever, Mr. Deputy Speaker, I am grateful for your guidance. Let me respond to the intervention from the hon. Member for Reading, West (Martin Salter) by saying that I am sure we shall have a chance to discuss the issue in relation to Reading, but also—I think that I should put this on record—that I do not think I said that Reading borough council was keen to withdraw the Bill. I suggested that it was keen to amend significantly clause 5, which relates to pedlars. Perhaps we shall be able to discuss that later in tonight's proceedings.

You referred to the Durham report, Mr. Deputy Speaker. I have argued that it constitutes new information. Prompted by my hon. Friend the Member for Shipley (Philip Davies), I have also referred to the Minister's written response to the report, which I think also introduces new information and which, in my view, presents a compelling reason for the House not to exercise its discretion and allow these Bills to be revived.

Sir John Butterfill (Bournemouth, West) (Con): Does my hon. Friend accept that the Durham study observes that circumstances will vary considerably from borough to borough, and, rather than recommending national legislation covering the whole area, states that it will be up to individual boroughs to present and justify its own proposals? Does he not agree that, in the case of the two Bills whose revival we are now considering, the justification process could take place equally appropriately during a Committee or a Report stage? In fairness, if my hon. Friend wants the debate, he should allow it to take place at those times.

My hon. Friend said that there was not a great deal of evidence of demand because there had been only five convictions in Manchester and only three in the Dorset area. However, as he is from Dorset, discussions with the Dorset constabulary will have left him in no doubt that they find it very difficult to secure convictions without devoting a huge quantity of police time to this matter, and also that we experience a good deal of rather more serious crime in the area. Is it possible that the constabulary devote their resources to dealing with that rather than to convicting pedlars?

Mr. Deputy Speaker: Order. I think that, in the course of this interlocution between two distinguished members of the Chairmen's Panel, one might easily find the other to be out of order as a result of the length of interventions such as that.

Mr. Chope: You will never find me criticising my hon. Friend the Member for Bournemouth, West in the Chamber, Mr. Deputy Speaker. He has a very distinguished record. It was great that we were able to enter the House together all those years ago, in 1983—although, unfortunately, my hon. Friend has been a great deal more successful than me in retaining the confidence of the electorate in his original seat.

Let me deal with the substance of what my hon. Friend has said. I am sure that, being diligent, he has read the report from Durham university, and will be aware that it expressed criticism of Dorset police for misleading pedlars in relation to what they say is the law relating to pedlary and the way in which it applied in Dorset. I hope that he will draw the position to the attention of the Dorset constabulary so that it can be put right before his Bill is considered in Committee.

Sir John Butterfill: My hon. Friend has already done so.

Mr. Chope: I have not yet done so, but perhaps we will send a note of the record to the constabulary.

My hon. Friend was mistaken in his intervention in that he was equating prosecutions with convictions, and, of course, it is for the courts to convict, not the police. The question is: how many prosecutions have been brought and have resulted in convictions? That task is normally given to street trading officers and local authority enforcement rather than the police. However, my hon. Friend is right to draw attention to the new information that there have only been three convictions in Dorset in the last period for which figures are available—a period of four years between 2002 and 2006.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): My hon. Friend has considerable knowledge of this subject. In his discussions with the promoters of the private Bills we are debating, has he addressed the fact that we now have considerable experience of Bills that have been passed by this House, notably those in respect of the city of Westminster in 1999, Newcastle in 2000, London in 2003, Medway in 2004 and Maidstone, Leicester and Liverpool in 2006? Has he compared the workings of the authorities that have managed to get private Bills through this House with those of the authorities that have not yet managed to do so?

Mr. Chope: My hon. Friend raises an important point. Obviously, I have not been able to do my own direct research on this matter. *[Interruption.]* My hon. Friend the Member for Buckingham (John Bercow) sounds doubtful about that, but I assure him that that is the correct state of play. I have before me paragraph 213 of the Durham university report. I shall not quote all of it, but it says:

> "The direct effects of private acts are difficult to assess, in terms of being able to eliminate illegal street traders. With regard to the Acts introduced in 2006 (Leicester, Liverpool and Maidstone), the effects may not be fully understood for some time. One of their most obvious impacts is that genuine pedlars remove themselves from areas where they must trade from door-to-door or face possible criminalisation."

So one might say that the jury is still out on that. However, this issue is dealt with in a lot more detail there than in my summary of it here.

Philip Davies: As the jury is still out and the report says that we still do not really know what the effect has been, is that not even more of a reason why these Bills

[Philip Davies]

should not be revived now and we should wait until further consideration has been given to the impact of previous ones?

Mr. Chope: That is a statement of self-evident common sense. It is particularly important to pay regard to the costs involved in all this, as this is not a cost-free area of operation. Introducing private Bills costs money, and that burden falls directly on the local taxpayer. I know from my discussions with some of the councils that are concerned about this that they have to evaluate the costs and the benefits of particular courses of legislative action. It is a pity that there has not so far been any evidence that either of the Bills that we are discussing has been the subject of concern expressed at local council level as to whether they will continue to provide good value for money, having regard to all other possibilities.

The issue of trolleys is now very much out in the open. On Second Reading, there was a lot of discussion—not least by my hon. Friend the Member for Canterbury—about the burden on local people caused by pedlars using trolleys. The Durham university report makes it clear that only half the pedlars interviewed use trolleys but all of them—

Mr. Deputy Speaker: Order. I have tried to give the hon. Gentleman a ruling that the fact of the report is one thing, the detail within it quite another. I recommend that he observe that distinction.

Mr. Chope: I shall endeavour to comply, as always, with your ruling, Mr. Deputy Speaker.

Mr. Bone: I wish to be clear on the issue of costs. If the Bills are revived, would the councils and the local taxpayers incur more costs? Has my hon. Friend estimated how much extra cost to this House would result from their revival?

Mr. Chope: The short answer is that I have not estimated how much the cost would be to this House. These two Bills have had their Second Readings so if they are revived, they would need to go into Committee. My hon. Friend the Member for Bournemouth, West will know what the possible timetable is, but I imagine that there would be a separate Committee for each Bill, because separate interests are involved, and that the councils involved would face costs for dealing with those proceedings.

Much of the content of the two Bills is relatively uncontroversial. The point I am making is that if their promoters were saying that the very controversial bits and the bits that are now contradicted by the evidence from Durham university were to be taken out of the Bills, there would not be an argument against allowing them to be revived. When I came into the Chamber this evening, I hoped that I would hear from my hon. Friend or from the hon. Member for Manchester, Central that, in the light of the evidence, there was to be a modification. It may be that in due course such a modification will be made, but we have to judge the situation on the evidence before us at the moment. That evidence suggests that there is no willingness on the part of the promoters to compromise or to reflect upon the findings of the exhaustive study carried out by Durham university.

Mr. Clifton-Brown: My hon. Friend will certainly be aware that the House may not—

Mr. Deputy Speaker: Order. May I just say to the hon. Gentleman that he should face the microphone, because if he does not do so the reporters will not always catch his words? I am sure that he would want them to be on the record, so although I understand his courtesy in turning round to address the hon. Member, he should really be addressing the microphone.

Mr. Clifton-Brown: Thank you, Mr. Deputy Speaker. My head will face the microphone and my hand will face my hon. Friend. He will be aware, although the House may not be, that the private Bill procedure in Committee is very different from that in respect of most Committees in this House. I served on the Committee considering the private British Waterways Bill, when British Waterways had a Queen's counsel on hand for many months. That must have cost it a huge sum, so I think that the answer to the question raised by my hon. Friend the Member for Wellingborough (Mr. Bone) is that this will be a very expensive procedure.

Mr. Chope: I have not had the experience that my Front-Bench colleague has of serving on a private Bill Committee, but I am sure that what he said will have been noted by the council tax payers in Manchester and Bournemouth. Although we may find that people have no willingness to compromise tonight, taxpayers may be asking whether it is really worth concentrating on clauses 5 of the respective Bills if that is going to add a significant expense to the burden on local taxpayers.

I shall conclude by drawing attention to the fact that another of the Durham university report's findings is that if a local authority takes strong enforcement action under the existing law, it can achieve its objective of ensuring that it has a lawful regime in respect of street trading and pedlars. That is a further reason why councils that have not done much so far on enforcement might think of it as being a more cost-effective way forward than the process of private Bill legislation.

Mr. Greg Knight: The point about fees and costs cuts both ways, because if we allow the Bills to proceed, the promoters would no doubt argue that the Standing Orders state:

"The bill shall be deemed to have passed through every stage through which it has passed in the last session or the last Parliament, and shall be recorded in the Journal of the House as having passed those stages, and no new fees shall be charged to those stages."

So the promoters could argue that they are trying to be cost-effective in not leaving the matter in abeyance by waiting to hear what the Government say and starting again at a later stage.

Mr. Chope: My right hon. Friend is noted for his contrariness on such occasions, and it is important that that point should be put on the record—it does not appear that anyone else was intending to refer to it. My response would be that the relatively small fees associated with the placing of a private Bill in Parliament are modest compared with the costs of giving evidence and providing support during the Committee stage in respect of parts of the Bill that subsequently come to be regarded as redundant or incapable of achieving enactment.

My right hon. Friend's background and knowledge as a distinguished lawyer show that he is without self-interest in these matters. He is always as keen to minimise costs to members of the public as he used to be to his clients.

In summary, I have some strong reservations about the merits of reviving the Bills, and I hope that I am not the only Member who has such reservations.

7.52 pm

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): As ever, it is a pleasure to follow the hon. Member for Christchurch (Mr. Chope) and my hon. Friend the Member for Manchester, Central (Tony Lloyd). I welcome this opportunity to consider the revival motions and I will listen with interest to the contributions from other hon. Members.

In an attempt to inform the debate and to help Members in deciding whether to support the motions, I thought that I should comment on the research referred to by the hon. Gentleman. While I have considerable respect for him, as I do for every right hon. and hon. Member, I would not want the House to allow his view of what he thinks the Government's position should be to stand without any Government comment. I should also make it clear that, following the custom, the Government do not take any view on the content or progress of private Bills—that is a matter for Parliament.

The House will be aware that the research I was able to announce when these Bills were debated last June was published by my Department in February this year. As the hon. Gentleman suggested, we agree with the main conclusions from the research findings. First, there is scope for a more flexible enforcement regime in respect of unlicensed street trading, including the possibility of less burdensome options to criminal prosecution. Secondly, there would be support from Government for national guidance on the meaning and application of the current arrangements, which contain ambiguities, the interpretation of which varies across the country, as the research found. Thirdly, we accept too that there is scope for modernising the Pedlars Act 1871, for example by updating and standardising the pedlar's certificate to enable easier identification of genuine certificates and to clarify the definition of permitted activities of certified pedlars, among other things. I also want to acknowledge that the Government accept that, in some areas and on some occasions, there might be a reasonable case for additional restrictions.

As to what our next steps will be, I should tell the House that there has already been considerable feedback on the research from various organisations, as well as from licensed street traders, individual certified pedlars, and local authorities and so on. Last month, my officials met representatives from the local authorities whose Bills are under discussion tonight. Hon. Members might wish to note that that this summer, my Department will be issuing a consultation document and will seek views from as wide a constituency as we can on the findings of the research and on possible ways forward.

I am not yet in a position to set out firm proposals, but I expect that, in general, the consultation would cover more flexible enforcement tools, the possibility of guidance for pedlars and enforcers, the question of updating the Pedlars Act and the possibility of adapting the street trader licensing scheme in respect of the activities of pedlars.

I and others in Government have not formed our view on what the exact response to the research should be. We genuinely want feedback and evidence from as wide a group as possible to help us think through the various options. Developments in the consultation will be highlighted on the Department for Business, Enterprise and Regulatory Reform website. I hope that the hon. Member for Shipley (Philip Davies) will follow it and study it with a little more care, if he will forgive me for saying so, in future.

David Lepper (Brighton, Pavilion) (Lab/Co-op): I welcome what my hon. Friend has said about consultation and I am sure that he will be consulting local authorities and local councils. Will he also give a commitment to consulting business improvement district boards, where they exist, across the country? They take a particular view about the areas that they represent in relation to this issue.

Mr. Thomas: I certainly want the views of business. I would welcome comments from business improvement districts, and I welcome the chance to put that on the record. I shall certainly ensure that my officials consider whether there are particular business improvement districts to which we need to ensure that we highlight the consultation document.

Finally, I should make it clear that the Government would not have a problem if the revival motions were to be carried.

Philip Davies: Does the Minister not understand, though, the logic of the argument? I commend the Government for what they are doing, for having commissioned the report and for carrying out extensive consultation. That is certainly to be welcomed. However, does he not understand the logic of the position that reviving the Bills would be premature, given that the Government are undertaking a process that which should be welcomed by both sides of the House?

Mr. Thomas: I am grateful to have the hon. Gentleman's support. I hope that he will be sufficiently open-minded to support more of what the Government are seeking to do. Let me point him gently towards the point made by the hon. Member for Bournemouth, West (Sir John Butterfill). The Government accept that, on occasion, there are particular circumstances in particular areas that are worthy of consideration.

Mr. Chope: The Minister is being typically generous in giving way. May I press him a little further on the time scale, because that is obviously very relevant to our debate this evening? If he issues the consultation paper in the summer, when will he expect the closing date for that consultation to be? When does he anticipate that the Government would make an announcement? Would there be the possibility, for example, that legislation might be introduced, if the Government reached the conclusion that that was necessary, during the next Session of Parliament? If he could answer that question, it might give some of the promoters of these Bills grounds to say, "Let's hold our horses for the time being."

Mr. Thomas: The hon. Gentleman is sufficiently long in the tooth to know that I cannot tonight give commitments about legislation in the way that he would like. I recognise that there is concern about this issue across the House,

[Mr. Thomas]

and that is one of the reasons why we took the initiative to carry out the research. We want to respond to hon. Members' concerns about the need for a national response to the issue, and to make progress as quickly as possible.

Finally, I return to the point that I was making when the hon. Member for Shipley intervened, which is that the Government would not have a problem if the revival motions were to be carried tonight.

8 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): As my hon. Friend the Member for Christchurch (Mr. Chope) said, the genesis of these revival motions was as long ago as 22 January 2007. We had a considerable debate on this matter on Second Reading on 2 June 2008, there was a further debate on 29 October 2008, and here we are today with these revival motions. The private Bills that we are seeking to revive all do much the same thing—that is, they try to incorporate the definition in clause 3 of the Pedlars Act 1871 into schedule 4 to the Local Government (Miscellaneous Provisions) Act 1982.

Much of the debate about the Bill does not focus on the true problem of what a pedlar is. Does he go from door to door, or occupy the same spot in a market square every day? It is a debatable point. To be totally clear, the House needs to hear again how chapter 96 of the 1871 Act defines a pedlar. Clause 3 states:

"The term 'pedlar' means any hawker, pedlar, petty chapman, tinker, caster of metals, mender of chairs, or other person who, without any horse or other beast bearing or drawing burden, travels and trades on foot and goes from town to town or to other men's houses, carrying to sell or exposing for sale any goods, wares, or merchandise, or procuring orders for goods, wares, or merchandise immediately to be delivered, or selling or offering for sale his skill in handicraft".

It is obvious that a pedlar is very different from a street market trader, who is covered by different legislation. The legislation covering pedlars requires them to go to the local police for a certificate, which they can usually obtain for about £12 or £15, whereas a street market trader has to obtain a licence from the local authority that costs in the region of £500 to £1,000. That is a different order of cost.

Tony Lloyd: Will the hon. Gentleman give way?

Mr. Clifton-Brown: I am happy to give way to the sponsor of the Manchester Bill.

Tony Lloyd: I am grateful to the hon. Gentleman. I shall be brief, as I do not want to encourage long speeches. Will he confirm that what he said is not absolutely accurate, in that to obtain a pedlar's licence a person does not have to go to the local police force in the area where he or she intends to peddle? The licence can be obtained from any force, even though its officers know nothing about the area where the purported trade might take place.

Mr. Clifton-Brown: The hon. Gentleman is exactly right, and he makes a point that I was coming to. For purposes of convenience, a pedlar would normally go to his local police force, but he does not necessarily have to do so. Having got a certificate, he can trade in any area where legislation does not prohibit him from doing so. At the moment, therefore, he can trade in Manchester, Bournemouth, Canterbury or any other area of the country, provided that he has that certificate.

That is part of the problem, and I was delighted to hear what the Minister said about the Government's intentions in relation to the Durham study. Anyone interested in the subject should read that study—or at least its summary, opening remarks and some of its evidence on prosecutions and complaints—as I think that the problem may have been exaggerated around the country. I think that, on the whole, the perceived problem is much greater than the actual problem because, on the whole, pedlars are law-abiding people who go about their business peacefully.

The main complaint is about competition, given the procedure that I described: pedlars can buy a certificate for £12 or £15, whereas a street trader has to pay between £500 and £1,000. Street traders object to pedlars trading alongside them—sometimes with exactly the same sort of goods, be it balloons, trinkets, bits of jewellery or whatever—because there is unfair competition. That is where some of the complaints stem from.

Mr. Chope: My hon. Friend has great mastery of the subject and of the Durham report. May I draw to his attention an extract from page 66? It states:

"Street traders on the whole do not sell the same goods as pedlars, nor do they compete directly for customers. One Street trader did express a view of lost earnings to illegal street traders selling inferior goods, but overall levels of competition were low."

Mr. Clifton-Brown: My hon. Friend usefully draws attention to that paragraph, but somewhere else the report notes that competition is one of the causes of complaint. On the whole, the number of complaints in any local authority area is fairly low, so it seems to me that every sponsor of such a Bill—the hon. Member for Manchester, Central (Tony Lloyd) has spoken in support of his Bill—has to make a crystal-clear case as to why their Bill should be revived.

Like the Government, the Opposition have no particular view officially about whether the Bills should be revived. I have no problem if they are revived; if the House in its wisdom votes in favour of their revival and they go into Committee, I have no problem with that. Even if they go through Committee, pass their other stages and are enacted I shall have no problem with it. However, when we discussed the matter on 12 June 2008 I argued from the Opposition Benches that we should have a national study. We now have such a study and on the whole it concludes that there are special circumstances in each local authority area. On the whole, contrary to what I argued on 12 June 2008, the Durham report seems to make it clear that each local case should be taken on its merits, although whether that will continue to be the prevailing view I do not know.

As to whether the Bills should be revived, I was delighted to hear from the Minister at the Dispatch Box that we shall have new guidance from his Department when it has taken evidence. That is really important. Evidence is the key to the whole matter. I repeat even more strongly that it is up to each local authority area that brings forward a Bill to produce evidence of why it needs those powers. All too often in this country—in this place, if nowhere else—we tend to rush into legislation

because there is a perceived problem. There may indeed be a small actual problem, but one has to consider whether it is sufficient to warrant a change in legislation.

There is no doubt that a change in legislation would make the act of peddling a very different craft—if we can call it that—from what it is at present, so I was pleased to hear that the Government have embarked on gathering evidence from any interested party. Once they have the evidence they will produce guidance, which will run along some of the useful lines to which the Durham report alludes.

We need better methods of enforcement and of issuing certificates. The certificates need to be clear; they need to include a photograph and to be held on a national database. They should be enforceable across the country, so that a pedlar moving from Manchester to Canterbury to Bournemouth can be apprehended and prosecuted if he is misbehaving. We want clear laws that are easily interpreted and operated, so I was delighted to hear about the guidance.

I was delighted to hear that the whole licensing regime will be considered. At present, the local police force issues the licence—or in fact, it may not be the local police force, as the hon. Member for Manchester, Central said. That police force would be relying only on Criminal Records Bureau information, not even local knowledge of the person and whether they are a true and fit person to hold such a certificate. We need to tighten up that procedure.

Dr. Brian Iddon (Bolton, South-East) (Lab): Will the hon. Gentleman admit that a residency requirement must be met to obtain a certificate from the police force? That suggests that the police force involved would have to be the local police force.

Mr. Clifton-Brown: I am delighted to hear that intervention from the hon. Gentleman, who of course has a long record of trying to introduce a private Member's Bill to amend national legislation, so that these private Bills are not necessary. We had a long argument about that in the previous debate on the subject, and I do not want to go over that again. There may be a residency requirement, but as the hon. Member for Manchester, Central, made absolutely clear, the person concerned does not have to go to his local police force. A person from Manchester can go to a police force in London, for example, to obtain a certificate. Although he needs to prove residency and prove a good character through the CRB records, there is no local knowledge of his character. That is a flaw in the argument. Some argue—indeed, in the Durham report it is argued—that the local authority should be the licensing authority, so that the provisions are coterminous with those in the street trading legislation. There are arguments for and against that.

I do not think that we want to prolong these proceedings too much, because I know that the sponsor of the Manchester City Council Bill—the hon. Member for Manchester, Central—and my hon. Friends want to get to a vote. It is important that we get to a vote, so that we can at least consider the next motion that is due to come before the House.

In summing up, I simply say that the whole thing is very unsatisfactory; I think that the whole House would agree with that. The private Bill procedure is arcane. It is difficult to get a private Bill through the House, and it is expensive and time-consuming for a local authority. I therefore maintain my position, despite what the Durham report says. That is why I shall be very interested to see what happens. If we come into government after the next election, we will certainly continue the Government's process of gathering evidence, producing guidance and considering whether the national legislation needs to be altered. If we are not careful, we will, in addition to having to consider the Bills before the House tonight, be here many times considering similar Bills from other local authorities. That is an unsatisfactory way to deal with the matter, and it is a very bad use of the House's time.

8.12 pm

Lorely Burt (Solihull) (LD): The question before us tonight is whether the Bills should be allowed to be revived. The hon. Member for Christchurch (Mr. Chope) says no; he says that the Durham report has discredited the provisions of the Bills. He says that the Government will produce their own report over the summer. However, there is to be a free vote; the Government have said that they will not oppose the motion. The question tonight is really whether the will of the House should be observed, and whether a small number of MPs should be allowed to hold up the progress that will apparently—we will find out—start to be made. If there are flaws in the Bills, why not let them make progress? Why not allow the hon. Gentleman to use his undoubted extensive knowledge in Committee, where he can help to iron out the flaws that he perceives?

The hon. Member for Cotswold (Mr. Clifton-Brown), who speaks for the Conservatives, has said that many local authorities have already got their private Bills through the House. It seems inequitable for us to try to halt the process now. The train is in motion, but suddenly we are having to put the brakes on. That means that some local authorities can implement their private legislation, but some will not be able to do so. If whether the Bills can make progress is at the discretion of the House, we should let the House divide and decide. Councils are suffering because of the problems caused by pedlars. Of course they want to serve the best interests of their constituents.

We have heard from the Minister that, if the Bills are not revived and the process does not go through, the Government have agreed to carry out a consultation. My plea to them, on behalf of local authorities that have not introduced Bills, is that they should bring forward a national framework which local authorities can adopt through a byelaw at their own discretion. My colleagues and I will support the progress of the revival motions tonight.

8.15 pm

Mr. Peter Bone (Wellingborough) (Con): I shall be brief, as I had not intended to speak in the debate. We have heard a great deal about the merits of the Bills, but the issue tonight is whether such Bills should be revived. It is rather like an LBW decision. All the boxes must be ticked to make sure that they apply, so that the Bills can be revived.

The first question is whether the promoters of the Bills have made a case for bringing them back. The Standing Orders suggest that such Bills should not be

[Mr. Peter Bone]

brought back, because the process would not exist if Parliament thought they should automatically be brought back. The argument is a technical one about whether the promoters have made the case that there is an exceptional reason to bring the Bills back, and whether anything has changed. The Minister put the Government's case succinctly. Clearly, things have changed and there may well be national legislation.

Would the promoters of the Bills lose out by not having them revived tonight? We heard that the cost of bringing the Bills back at a later stage would not be significant, but that proceeding with the Bills now in Committee would be very expensive for the councils. Is it possible that taxpayers in those areas would say, "If my council had only waited a little while, there would have been national guidelines and a national process, and we needn't have wasted that money"? On balance, the case for revival has unfortunately not been made strongly enough for me to support it.

Question put.

The House divided: Ayes 234, Noes 10.

Division No. 96] **[8.17 pm**

AYES

Afriyie, Adam
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Bottomley, Peter
Bradshaw, Mr. Ben
Brake, Tom
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Des
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Challen, Colin
Chapman, Ben
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Cooker, Mr. Vernon
Connarty, Michael
Cooper, Rosie
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Maria
Efford, Clive
Etherington, Bill
Farrelly, Paul
Farron, Tim
Fisher, Mark
Flello, Mr. Robert
Flynn, Paul
Foster, Mr. Don
Francois, Mr. Mark
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Harris, Mr. Tom
Harvey, Nick
Heath, Mr. David
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hope, Phil
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Iddon, Dr. Brian
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keetch, Mr. Paul
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Ladyman, Dr. Stephen
Lancaster, Mr. Mark
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Loughton, Tim
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, rh Mr. Pat
McGrady, Mr. Eddie
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meale, Mr. Alan
Michael, rh Alun
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Mountford, Kali
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Norris, Dan
O'Hara, Mr. Edward
Öpik, Lembit
Owen, Albert
Paterson, Mr. Owen
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Reed, Mr. Andy
Reed, Mr. Jamie
Rennie, Willie
Riordan, Mrs. Linda
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Russell, Bob
Russell, Christine
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Selous, Andrew
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Taylor, Matthew
Teather, Sarah
Thornberry, Emily
Thurso, John
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Viggers, Sir Peter
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Phil

Winterton, Sir Nicholas
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Younger-Ross, Richard

Tellers for the Ayes:
Martin Salter and
Tony Lloyd

NOES

Campbell, Mr. Gregory
Chope, Mr. Christopher
Davis, rh David
Donaldson, rh Mr. Jeffrey M.
Evans, Mr. Nigel
Gray, Mr. James
Hollobone, Mr. Philip
Knight, rh Mr. Greg
Walker, Mr. Charles
Winterton, Ann

Tellers for the Noes:
Mr. Peter Bone and
Philip Davies

Question accordingly agreed to.

Ordered,

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 22 January 2007, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill

Debate resumed.

Question (15 January) again proposed,

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

8.31 pm

Mr. Christopher Chope (Christchurch) (Con): In the absence of anybody representing one of the four conurbations involved—

Mr. Julian Brazier (Canterbury) (Con): I am so sorry, Mr. Deputy Speaker—I was at the other end of the Chamber waiting for the second vote when this business was called, which is why I have decided to explain to my hon. Friend that I was not absent, but here. Of course, he has the Floor at the moment.

Mr. Deputy Speaker (Sir Michael Lord): That is correct. Mr. Christopher Chope.

Mr. Chope: I meant to indicate, Mr. Deputy Speaker, that as nobody representing any of the promoters of these Bills had risen to speak, I thought it important that I should do so in order to ask some questions. I hope that the promoters and their representatives will not feel too modest about being prepared to share with a wider public the reasons why they think that their Bills should be revived.

The arguments in relation to these four Bills are slightly different from those relating to the two that we discussed earlier—the Bournemouth Borough Council Bill and the Manchester City Council Bill. Although they are all included in one motion, Mr. Deputy Speaker, you will know that one of them, the Canterbury City Council Bill, has already received a Second Reading and is therefore, it might be argued, in a category more similar to the other two Bills. On the other hand, one might say that during that previous debate there was unfinished business between my hon. Friend the Member for Canterbury (Mr. Brazier) and me, and that there would be an opportunity to develop the arguments as to why the situation in Canterbury warrants a revival. The difference between the Canterbury Bill and the Manchester and Bournemouth Bills is that the Canterbury Bill has not yet been to the other place and is therefore on a slower time scale than the other two. Therefore, the arguments that were deployed in the previous debate for giving the promoters a chance to rethink their strategy in light of the Durham university report weigh more strongly against the case for Canterbury's revival than in respect of Manchester and Bournemouth.

As regards the arguments made by my right hon. Friend the Member for East Yorkshire (Mr. Knight) about the relative costs of going back to square one if the promised Government initiatives in the form of legislation or guidance are not forthcoming, those cost penalties will be less in the case of Canterbury because the proceedings have reached an earlier stage than in the

[Mr. Chope]

case of Manchester and Bournemouth. However, the other three Bills that we are considering have not yet received their Second Readings.

When I examined the guidance in relation to the revival of Bills, I found a statement—I think it is in the private Bill procedure—suggesting that if a Bill had not made any progress at all during a Session of Parliament, the House would be reluctant to allow it to be revived in a subsequent Session or carried over from one Session to another. Of course, the Nottingham City Council Bill, the Leeds City Council Bill and the Reading Borough Council Bill did not receive a Second Reading in the last Session, so they are completely de novo and would need a Second Reading in this Session. The question one asks is why, if they did not make any progress in the last Session, they should be allowed to be revived at this stage.

Mr. James Gray (North Wiltshire) (Con): I hope that my hon. Friend will forgive me if I am asking a foolish question as a relative novice at these procedural matters. Is it not odd that although the Bills whose revival we are discussing reached different stages of their lives in the last Session, they should all be brought together in a single revival motion? It is a sort of hybrid motion, bringing together some rather good things that are more advanced in their considerations with some things that are bad. Procedurally, would it not have been better had the promoters brought forward different motions so that it was possible to consider each Bill separately?

Mr. Chope: My hon. Friend makes a very fair point, but I am in no position to comment, because the decision on how this business should be dealt with was taken by the Chairman of Ways and Means, and the decision was to have all four Bills put together. In fairness, if my hon. Friend or myself had wanted to table an amendment, for example to delete one or more of the Bills from the motion, we would probably have been able to do so and have it debated. His point may give grounds for seeking from you, Mr. Deputy Speaker, a ruling as to whether there could be separate Divisions on each individual Bill, or on the Bills that are in separate categories with separate arguments relating to them. My hon. Friend would probably have to raise that with you on a point of order, Mr. Deputy Speaker.

Philip Davies (Shipley) (Con): As my hon. Friend knows, I always look to him to improve my knowledge of parliamentary procedure.

Mr. Greg Knight (East Yorkshire) (Con): Why don't you look to me?

Philip Davies: I look to my right hon. Friend as well, of course.

I am a new boy in this place, so will my hon. Friend explain what difference it makes one way or the other whether the Bills that have not yet had a Second Reading are revived?

Mr. Chope: The main difference, as I understand it from looking at the precedent, is this: if a promoter has not made any progress with their Bill in one Session, why should they be able to crave the indulgence of the House to have it carried over or revived in a second? Where is the evidence that they will be able to make any more progress in that Session? Does there come a stage when what is happening is a bit of an abuse of the process and procedures of the House? In the previous debate I cited the example of what happened with the Northern Bank Bill, which was a private Bill in the previous Session. It did not make any progress and was blocked at the end of the Session. As a result, the promoters of the Bill had second thoughts and decided to withdraw it.

Mr. Gray: On a point of order, Mr. Deputy Speaker. I would be grateful for your guidance on the procedural matter that my hon. Friend the Member for Christchurch (Mr. Chope) has been roaming around a little bit. I am sure that he is not calling into question the way in which the Chairman of Ways and Means brought forward the motion, which of course was perfectly proper. However, the point that my hon. Friend is making, as I understand it—forgive me if my knowledge of procedure is not all that it might be—is that there are differences between the various Bills that the motion would revive. Some might be better than others and some have gone further than others in their process through Parliament. I am not sure whether it is allowable under the procedures, but would it not be sensible to allow several Divisions on the four Bills that we are considering?

Mr. Deputy Speaker: The short answer is no. In the revival motion, there is no distinction between the Bills that we are discussing. Everything has been done in order. As the hon. Member for Christchurch (Mr. Chope) said, the Chairman of Ways and Means agreed that the motion should go forward. Everything is in order, and I suspect that the hon. Gentleman's points are debating points.

Mr. Chope: I am grateful for that ruling, if that is what it is.

Mr. Deputy Speaker: Order. I would hate the hon. Gentleman to think that I was making a ruling. I am simply telling him that everything we are doing today is completely in order.

Mr. Chope: I do not believe that anyone is suggesting that what we are doing is not in order. I was trying to explain that there are distinctions between the four Bills, which are grouped together, in that only one has had a Second Reading.

Another distinction is worthy of the House's attention. The promoters of two of the Bills that have not had a Second Reading have said in discussions and in writing to me—and, we can infer, to other hon. Members who are concerned about the Bills—that they are willing to compromise significantly about the content of the clauses in the respective measures on pedlary. If the promoters of those two Bills have expressed a willingness to compromise on the main subject of my objections to the measures collectively, might not it possible to examine the two Bills separately from the others in the group? If the promoters of two measures are prepared to compromise, thereby shortening the Committee proceedings and possibly Second Reading, through responding to concerns and the findings of the Durham

university report, when the promoters of the other Bills are not willing to do that, why is not it possible for hon. Members to adjudicate about the Bills that merit a revival?

Martin Salter (Reading, West) (Lab): To revert to a point that I tried to make earlier, is not it the case that the hon. Gentleman's discussions with Reading borough council about the activities of pedlars who act effectively as stallholders—the hon. Member for Cotswold (Mr. Clifton-Brown) mentioned that—showed that the council was prepared to negotiate and be flexible? That is an argument not for opposing the revival motion, but for allowing it to go forward so that we can reach Committee as soon as possible.

Mr. Chope: The hon. Gentleman anticipates my point, which I am getting around to raising with you, Mr. Deputy Speaker. If the two councils—Reading and Leeds—are prepared to compromise, to respond to public opinion, as reflected in the Durham university report, and to council tax payers' concerns about possible abortive costs incurred, and to consider amending clause 5 of the respective Bills, should not they be given preferential treatment, compared with councils that still have their heads in the sand, believing that they can carry on regardless, as though the Durham study had never been conducted, there were no findings in its 90-odd pages and no issues had arisen from it? The Minister said in the previous debate that the Government acknowledged that the study raised issues which merited their attention and would be subject to consultation.

The question that I would like to put—perhaps I could put it formally in a point of order—is this. Is there any scope for the revival of the Reading Borough Council Bill and the Leeds City Council Bill to be considered in separate votes from those on the other two Bills, in respect of which there are different considerations?

Mr. Deputy Speaker: I thought that I had made it clear to the hon. Gentleman that we are dealing with one motion this evening that deals with four councils. It either goes through on that basis or it does not, but tonight is not the night to divide them up. The Bills may receive different treatment further down the line if they are revived, but tonight we have one motion before us dealing with four councils and they cannot be dealt with separately.

Mr. Chope: I am grateful to you for that ruling, Mr. Deputy Speaker. What it means—this will disappoint the hon. Member for Reading, West (Martin Salter)—is that were there to be a Division in respect of the group, hon. Members who were against the revival of one or more of the Bills would be obliged to vote against the revival motion, notwithstanding the fact that they might have sympathy with the approach adopted by the imaginative councils of Reading and Leeds.

Martin Salter: Does the hon. Gentleman recognise that I am obliged to point out the complete nonsense of his seeking to impugn the motives of Reading borough council? The council's willingness to be flexible is based not on 90 or 19 pages of the Durham university report, but on a problem on the streets of Reading, which is that of pedlars fraudulently acting as stallholders. Does he agree that it is not for Reading borough council to ascribe motives to Nottingham, Canterbury, Leeds or any other authority, but to argue its case, and that the issues are not related?

Mr. Chope: The hon. Gentleman is being unnecessarily adversarial, because I think that we are both on the same side, although that may be a surprise to him. However, if he says that Reading borough council's attitude is unrelated to the report produced by Durham university, all I can say is that that is certainly not the case for Leeds city council. I have with me an e-mail from Leeds city council sent on 6 March that says:

> "I refer to our meeting in January—regarding the street trading legislation proposed by Leeds City Council—when we agreed to consider the possibility of amending Clause 5 of the proposed legislation."

This is the relevant bit:

> "The report produced by Durham University has since been published and we have considered our proposed amendment in the light of that report."

Leeds city council therefore links its amendment to the findings of that report. When I met a representative from Leeds city council and a representative from Reading borough council earlier today, I certainly gained the impression that both councils were motivated to support an amendment because of the contents of the Durham report and not just because of the reasons that the hon. Gentleman has articulated.

Mr. Brazier: I wonder whether my hon. Friend, of whom I am extremely fond, is not quite close to arriving at the conclusion that, in any proceeding of the House, outside bodies with genuine concerns that they wish to be brought before Parliament would, it seems, be very unwise to engage in negotiations of any sort with him.

Mr. Chope: My hon. Friend will have to answer to the people of Leeds. Two officers travelled to London from Leeds today specifically to have a meeting with me to discuss the issue. I would assert strongly that the expenditure involved in travelling to that meeting was properly incurred, because as a result they may be able to get their legislation on to the statute book in a way that they would be content with and rather sooner than councils that continue to defy the objections of those of us who are keen to protect the rights of pedlars.

Mr. Paul Truswell (Pudsey) (Lab): Does the hon. Gentleman not accept that the main motivation for the negotiations between officers from Leeds and himself is to remove his obstructions and the tactics that he employs?

Mr. Chope: Well, if that is their motive, it is not how they expressed it. I suspect that the hon. Gentleman—I know about his loyalty to the city of Leeds—misrepresents the position of his council officers. I do not know which party is in control of Leeds city council; all I know is that in dealing with the officers, I have been dealing with the issues on their merits and at no stage did those officers employ ad hominem arguments against me or say that they were giving way because of threats or whatever. What they decided is that clause 5 as it stands at the moment in their Bill and in the Bill—

Mr. Deputy Speaker: Order. I am following the hon. Gentleman's arguments very carefully. He will remember that we are now debating whether these Bills should be revived or not—not what alterations might be made to them if the House decides to revive them.

Mr. Chope: I absolutely agree with that, Mr. Deputy Speaker. Basically, I have a bit of a split personality on this issue because I am rather sympathetic to the case for reviving the Leeds City Council Bill on account of that council's compromising attitude, and I have a similar benevolence towards the Reading Borough Council Bill revival motion. I am much less enthusiastic, however, about the Nottingham City Council Bill, which has not yet received its Second Reading—notwithstanding the views of my hon. Friend the Member for Canterbury, whose case, I suspect, falls between those two extremes.

Philip Davies: I shall try to help my hon. Friend here. I understand his keenness to support Leeds and Reading, but given that neither of those Bills have actually had a Second Reading, does he agree with me that there is not a great deal to revive?

Mr. Chope: My hon. Friend makes a very fair point. When we decide whether to vote Aye or No in any Division, we will have to weigh up the balance of the relative merits of those four Bills.

Mr. Peter Bone (Wellingborough) (Con): This is a new process to me and while I am sure, of course, that the procedures before us are correct, I am rather surprised that four Bills have been lumped together. For two of the council, I would be voting one way, but for the other two I would be voting the other way. I would thus be very grateful for my hon. Friend's advice about which way he believes we should go.

Mr. Chope: I am trying to reach a conclusion to my remarks as quickly as possible. I hope that, when I reach that conclusion, I will be able to provide some clear advice. It is inherent in what I have said so far that this is a very difficult issue for fair-minded people. Ultimately, we can have only one vote on four different Bills, which are all slightly different.

Mr. Greg Knight: Does my hon. Friend share my concern and my surprise and amazement that in the long period during which the House has been looking at these matters, not one speech has been made in support of the Nottingham City Council Bill? Neither have we had any intervention relating to that particular Bill. Does my hon. Friend agree with me that that Bill provides the weakest case here?

Mr. Chope: My right hon. Friend is absolutely right. If we were to give marks for these Bills, I think that the Nottingham City Council Bill would have nil points; the other Bills would have some points, but how many would be a matter of debate. I agree with my right hon. Friend's conclusion that the Nottingham city council case has not been made in this Chamber, so why should we indulge the council by allowing it another year even to get round to having Second Reading? If one feels that that is the most important argument before us this evening, in order to express our feelings about the failures of Nottingham city council, we would need to vote against this revival motion, notwithstanding our sympathies for the other Bills before us.

I hope that the promoters of the Bills who have not yet expressed a willingness to compromise will be reminded to do so. There is much in these Bills that is not controversial, is of common interest, and will be supported by Members in all parts of the House. Why spoil the prospect of an early legislative achievement by insisting on including provisions which, according to any view, are highly controversial, are the subject of active Government involvement and discussion, and, as we heard from the Minister, will be the subject of a consultation paper in the summer? We do not know whether that will lead to legislation, but given the present rate of progress, I see little prospect of the Bills that we are considering tonight—whose Second Readings must still be debated in the Chamber, and whose merits must be voted on if they are revived—arriving on the statute book, having been dealt with by this House and the other place, before time runs out for this Government and there must be a general election.

By then, there will be a completely different scenario. Hopefully, my hon. Friend the Member for Cotswold (Mr. Clifton-Brown) will be not just the Minister responsible for this area of activity, but a Minister with a wider area of activity in the Department for Business, Enterprise and Regulatory Reform—or perhaps a Department that will have a new title that slips off the tongue rather more easily, and will be more effective. In any event, the situation will have changed significantly.

One is bound to ask, on behalf of council tax payers who will be affected by these provisions, whether continuing to try to put these Bills on the statute book constitutes a good investment of their money. Would it not be much better to wait for the results of the Government's consultation in the summer, and see whether they will produce guidance or fresh legislation? That seems to me to accord with common sense, but ultimately, of course, it is a matter for the promoters. If they insist on bringing the matter to the House again, we, as Members of Parliament, must make a judgment on whether we wish to support the revival motions.

I hope that one thing will emerge from tonight's debate: the awareness of the Chairman of Ways and Means that there are now distinct differences between two of the Bills and the other two, and that they should therefore be treated differently in relation to issues pertaining to the Second Reading debates. I put that on the record because I think that it would be disappointing if all the Bills were dealt with at the same time. Similar arguments relate to the merits or otherwise of carrying the Bills over, but that was discussed in our earlier debate, and I certainly do not wish to detain the House by restating those arguments. What I do wish to do is record my appreciation of the efforts being made by Leeds city council and Reading borough council to reflect carefully on the necessity or otherwise of clause 5 in the Bills, relating to pedlars.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Does my hon. Friend not consider one thing very unsatisfactory? I seem to recall that in our last debate, in June, the hon. Member for Manchester, Central (Tony Lloyd) said that if these particular Bills were recalled, up to 50 more councils would wish to present private Bills to the House. The House would have to spend a considerable amount of time dealing with the matter. That is why I think that it would be better dealt with through the Government's consultation route, through a change in the guidelines if necessary and, if further necessary, through a change in legislation.

Mr. Chope: My hon. Friend has made a good point. Some of us have been involved in extensive debates on these Bills. The Second Reading debates on the Manchester

City Council and Bournemouth Borough Council Bills took place in June last year, were adjourned, and were resumed in October. Those of us who were involved in those debates may like to take some credit for the fact that our actions deterred a lot of the other councils, to which my hon. Friend refers, from bringing forward their private Bills, no doubt much to the relief of the Chairman of Ways and Means and the Private Bill Office, because they wanted to reflect on what was happening, not least in terms of the Durham university report, the response of this House to that report, and now the Government response. Therefore, my hon. Friend's point is important.

We are concerned about piecemeal legislation making the situation unsatisfactory for the genuine pedlar, who would not know whether different rules applied in different parts of the country if different regimes operate in different places. Concern has also been expressed about the impact on adjoining boroughs and local authority areas, and there is a general desire to have some common practice again in the way in which the police licence pedlars so that those licences apply throughout the country. At present, each individual police force is responsible for licensing shotguns that can then be used anywhere in the country, but they have a common system for doing that, and I think there is a lot to be said for having a similarly common system for the licensing of pedlars.

I hope there will be a response from the promoters of some of these Bills that will help steer us past this difficult dilemma to do with whether or not we should show our sympathy for Reading and Leeds by saying we should either abstain or support the revival motion, or whether we should display our displeasure at Nottingham and therefore say we should oppose the revival motion. The jury will be out on that, but I hope that we will get some responses to help us reach a conclusion.

9.2 pm

Martin Salter (Reading, West) (Lab): I am very happy to help steer the House, and the hon. Member for Christchurch (Mr. Chope), through the intricacies of this argument, although I doubt very much whether any of the words I choose to utter will steer him into the same Division Lobby as me a little later.

I have some respect for academic studies, but what motivates me is what the police, traders and the public in my town of Reading say to me, not what some professor chooses to write about a problem—they may or may not have a different perception from the ivory tower of an academic institution. What I know is that a significant police operation took place in Reading. It was called Operation Ontology and it was an operation with the council and the Border and Immigration Agency police command team. It targeted immigration offending and criminality by pedlars in Reading town centre. The operation was conducted by local Thames Valley police officers, supported by the neighbourhood policing team and conducted after consultation with Reading borough council licensing department. The purpose of the operation—this is yet another reason for supporting the Bill—was to identify all the pedlars operating in the town centre of Reading during the period of the operation and where necessary to record details, to locate and identify any immigration offenders among the pedlars, to arrest suspected immigration offenders to be dealt with by BIA personnel, and to minimise the impact of this operation on members of the public, the officers themselves and the subjects themselves.

It is worth reporting that the briefing that elected representatives have been sent by Thames Valley police said that during the operation 10 pedlars were encountered selling a variety of goods and that the stalls from which many of the pedlars were selling items did not lend themselves to being mobile as each time they were pushed the merchandise displayed would fall from the stall on to the ground. This matter was alluded to by not only the hon. Member for Cotswold (Mr. Clifton-Brown), but the hon. Member for Solihull (Lorely Burt). In many cases these are not pedlars under the definition of the 1871 Act, and the Bills merely seek to bring a piece of legislation that was framed in 1871 up to date to reflect modern circumstances and modern pressures.

It is quite clear that in my town, Reading—I suspect that this is the case in Leeds and elsewhere too—the pedlar certificate has become a £12.50 flag of convenience that is causing tremendous resentment among stall holders, who are paying between £500 and £1,000 for a similar facility. I find it strange that hon. Members from the party that supports business and enterprise appear to be setting themselves against ensuring fair competition and an even playing field. I find it even more surprising that arguments are coming from those on the Conservative Benches against the Cameronian notion of localism; we appear to be hearing arguments for the nationalisation of the regulation of pedlars. That runs contrary to the thrust of the new modern Conservatives and it is frankly illogical, and I find it strange that the Conservative Front-Bench team has not sought to make that point.

Mr. Chope *rose—*

Martin Salter: The hon. Gentleman has detained the House for about 90 per cent. of this debate and he has complained consistently that he has not heard from the promoters of the Bills, so if he is a little more patient he will be able to hear from those of us who happen to support them.

Operation Ontology, which was undertaken by Thames Valley police, identified a number of people working illegally. The report said that it was worth noting that the offenders had no legal—

Mr. Deputy Speaker: Order. May I gently say to the hon. Gentleman that he is in danger of launching into a Second Reading speech and he must relate his remarks to why these Bills should be revived?

Martin Salter: I take your guidance, Mr. Deputy Speaker. I merely conclude my point by saying that in the course of that operation it was discovered that four people were working illegally, they were removed from the country and none of the pedlars encountered on the day of that operation had any basis on which to stay in the UK. That is in many ways a response to the arguments being made that there is now no case for these Bills to be revived, because these very real problems exist today, they existed last year and they will exist next year.

Mr. Clifton-Brown *rose—*

Martin Salter: I shall give way to the Conservative Front-Bench spokesman.

Mr. Clifton-Brown: I would not wish the hon. Gentleman to mislead, or rather, to misrepresent—I withdraw the word "mislead"—what I have said on behalf of the Opposition. I did raise the issue of competition and the difference in price between a pedlar's certificate and a street licence certificate. I also said that I think that whether these Bills are revived is a matter for the House, but this procedure is expensive for the individual councils involved and thus a better procedure would be if this matter were considered on a national basis in respect of whether guidance needs to be revised and whether, as a result of that, legislation needs to be altered. I would not wish him to misrepresent what I said.

Martin Salter: I thank the hon. Gentleman for putting the record straight as far as his motives are concerned. I merely respond by saying that there are Conservative-controlled councils that support these measures and that are happy that they have already got legislation of this sort on to the statute book and the system is working well.

I wish to conclude by making one final point, which touches on why these Bills should be revived. Real damage is being done to small businesses that are struggling to cope in the very difficult economic circumstances that we face. Let us consider Reading's Harris arcade or what is commonly known as "smelly alley"—Union street in Reading. The total cost of rent, rates and overheads for the small units located there probably works out at about £15,000 a unit. One of these Mickey Mouse stalls being erected on the basis of a pedlar's certificate costing £12.50 can immensely damage the business of legitimate traders who are paying up to £15,000 a year purely for rent, rates and overheads. I do not want to see businesses in my town going to the wall because we have failed to grasp the nettle and deal with a very real problem.

The Reading Borough Council Bill is being promoted by the business improvement district in Reading, which is made up of businesses that have voluntarily joined the scheme and are paying 1 per cent. of their rateable value of business rates to fund that scheme. They want this to happen and it is my job as a local MP to listen to them and to promote this Bill, so I appeal to the House to allow it to be revived.

9.10 pm

Mr. Julian Brazier (Canterbury) (Con): It is a pleasure to follow the hon. Member for Reading, West (Martin Salter), although I was unhappy about his attack on my hon. Friend the Member for Cotswold (Mr. Clifton-Brown), who has now put the record straight.

The most relevant aspect of the revival motion—the one thing that has changed since Second Reading—is of course the Durham report. It concedes that there are some local problems, but concludes that there is no national problem. Therefore, as a localist, I would like to see a national framework—probably requiring legislation—that councils can opt into if they wish to do so. Unfortunately, because that option is not available to councils, these four councils have been faced with two bitter options—either to do nothing about this dreadful problem or to expend a great deal of money, the amount of which has been considerably increased by the efforts of my hon. Friend the Member for Christchurch (Mr. Chope), although he remains my hon. Friend, and a small group of other hon. Friends—

Mr. Chope: Will my hon. Friend give way?

Mr. Brazier: Each time I raised a point with my hon. Friend last time, he failed to answer it. In the first debate, he promised that he would answer my point in the relevant debate. I will therefore give way to him if he answers my point first.

Mr. Chope: I do not think that I can give the answer in an intervention because, apart from anything else, it would take us outside the scope of this debate, which is on a revival motion.

When we had the Second Reading of the Canterbury City Council Bill, my hon. Friend was gracious enough to accept that it included a provision on touting that he had not addressed and that should be considered in Committee.

Mr. Brazier: I did not think that my hon. Friend would answer my question. The hon. Member for Reading, West succinctly said that the essence of this measure is the fact that illegal street trading is carried out under the flag of convenience, as he put it, of touting. I asked my hon. Friend to explain how he could distinguish between pedlars and illegal street trading—nobody in this House wants to attack pedlars who are not involved in illegal street trading—but he said that it would be out of order to answer that point. However, it would not be out of order and, as on so many occasions, he has failed to answer my question.

Nevertheless I will answer the question. I made it clear on Second Reading that I was happy to negotiate with my hon. Friend—I hoped that it would be in good faith—on the removal of the touting clause from the Canterbury City Council Bill, which would bring it into line with the others. I hope that it will be possible, when the House authorities consider the arrangements for Committee, for the Canterbury City Council Bill to be grouped with the other two Bills that have already received their Second Reading, because that is the only substantial difference.

I do not wish to echo all the points that were made on Second Reading, and very well tonight, by the hon. Member for Reading, West, but it would be scandalous at any time for struggling honest businesses to be ruined by small numbers—or, in Canterbury's case, by relatively large numbers—of people using peddling licences to act as street traders. It is not only the legitimate street traders, paying their £800 a year, who are affected, but the shops next door, which are also being wrecked by those people. It really is extraordinarily bad news in the current recession. It is no exaggeration to say that businesses in Canterbury will go to the wall because this measure has not gone through, and that greatly saddens me. It is why I ask the House to revive the Bill. My final point is that in his remarks, my hon. Friend—

Mr. Chope: Will my hon. Friend give way?

Mr. Brazier: I am willing to give way once more, but each time I have tried to debate a point with my hon. Friend—including all the way through the Second Reading debate—I have found him unwilling to answer the particular problems that I have raised. I am happy to give way on the issue of expense, but before I do so let me say that he raised the question of the expense involved in the procedure. I want to remind people of the expense involved in

trying to deal with pedlars who are illegally street trading. I set out on Second Reading—I will not bore you or stretch your patience, Mr. Deputy Speaker, by doing so again—how terribly expensive it is to cope with a street trader hiding behind a peddling licence. I raised that point in discussion with my hon. Friend, and not once did he reply to my point. I hope that this time he will do so.

Mr. Chope: I am very grateful to my hon. Friend for giving way. In paragraph 64 of the Durham university report, I found what I hope is a very succinct summary of my concern. It states:

"In conjunction with these responses"

on the issue of distinguishing between street trading and peddling,

"it should be noted that some local authorities showed a tendency to conflate rogues, illegal street traders and pedlars into a single group, and/or use inflammatory or pejorative language in association with pedlars: 'Pedlars regard themselves as untouchable and are often quite rude if challenged'",

and so on. They are described as

"'hit and run merchants' who come from nowhere and disappear again into the night. They may be selling counterfeit goods",

and so on. Such statements have been made too often in the course of the proceedings on this Bill. I hope that my hon. Friend will accept that it is wrong to conflate the street trader, the lawful pedlar and the rogue.

Mr. Brazier: My hon. Friend has repeated his allegation again, so it is clearly on the record twice. To establish his point, he needs to show a point where one of the promoters of the Bills has conflated the two things. There is no point in going back to the Durham report for it. The plain fact is that all the way through these proceedings the MPs supporting the promoters of these Bills have sought to explain that nobody wants to attack genuine pedlars—people who go from place to place, selling their wares. He has accused us again of conflation, and the record will show that, but the problem is pedlars who act as illegal street traders and can hide behind their pedlars' licences. The kind of inflammatory statement that he quoted from the Durham report may well be dug out in relation to some councils, but I have heard nobody in the various debates—I have been here for them all, except for part of the last one—who has conflated the two groups in the way that he suggests.

I have spoken for longer than I intended. The plain fact is that legitimate businesses will go to the wall because of the activities of such people, and I urge the House to allow all four of these Bills, not just the Canterbury City Council Bill, to be carried over.

9.18 pm

Mr. John Heppell (Nottingham, East) (Lab): I shall be very brief. The hon. Member for Christchurch (Mr. Chope) referred to the fact that the sponsors are not speaking for these Bills. May I make the point, so that it is on the record, that all the Nottingham MPs are here tonight to vote for the Nottingham City Council Bill and the other Bills covered by the motion? We have not spoken because the hon. Gentleman's machinations have meant, as we know, that to speak could do harm to the Bill.

I shall say no more, and hope that other Members will be as brief as I have been. The Bill was a good Bill when it started. The machinations of the hon. Member for Christchurch have not made it a bad Bill. The will of the House is that the Bill should be revived, and I hope that it will be revived, along with the other three Bills.

Question put.

The House divided: Ayes 183, Noes 8.

Division No. 97] **[9.19 pm**

AYES

Alexander, Danny
Allen, Mr. Graham
Austin, Mr. Ian
Baron, Mr. John
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Des
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Byrne, rh Mr. Liam
Challen, Colin
Clark, Greg
Clark, Paul
Clifton-Brown, Mr. Geoffrey
Cohen, Harry
Cooper, Rosie
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davis, rh David
Dean, Mrs. Janet
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Eagle, Maria
Evans, Mr. Nigel
Farrelly, Paul
Farron, Tim
Flello, Mr. Robert
Flynn, Paul
Foster, Mr. Don
Francois, Mr. Mark
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Goodwill, Mr. Robert
Green, Damian
Grieve, Mr. Dominic
Griffith, Nia
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Hayes, Mr. John
Healey, rh John
Heath, Mr. David
Henderson, Mr. Doug
Heyes, David
Holmes, Paul
Hope, Phil
Horwood, Martin
Howarth, David
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Khan, Mr. Sadiq
Kidney, Mr. David
Ladyman, Dr. Stephen
Lancaster, Mr. Mark
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lidington, Mr. David
Lloyd, Tony
Loughton, Tim
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McGrady, Mr. Eddie
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Mitchell, Mr. Andrew
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie

Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Norris, Dan
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Öpik, Lembit
Paterson, Mr. Owen
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Pope, Mr. Greg
Pound, Stephen
Prosser, Gwyn
Purchase, Mr. Ken
Reed, Mr. Jamie
Rennie, Willie
Robertson, Hugh
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, Sir Robert
Soulsby, Sir Peter
Spellar, rh Mr. John
Straw, rh Mr. Jack
Stunell, Andrew
Swinson, Jo
Taylor, David
Thornberry, Emily
Thurso, John
Touhig, rh Mr. Don
Truswell, Mr. Paul
Twigg, Derek
Viggers, Sir Peter
Vis, Dr. Rudi
Waltho, Lynda
Watson, Mr. Tom
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilson, Phil
Winterton, Sir Nicholas
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Younger-Ross, Richard

Tellers for the Ayes:
Martin Salter and
Mr. John Heppell

NOES

Campbell, Mr. Gregory
Chope, Mr. Christopher
Davies, Philip
Donaldson, rh Mr. Jeffrey M.
Hollobone, Mr. Philip
Knight, rh Mr. Greg
Liddell-Grainger, Mr. Ian
Winterton, Ann

Tellers for the Noes:
Mr. James Gray and
Mr. Peter Bone

Question accordingly agreed to.

Ordered,

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

PETITION

Support for Mutual Societies

9.32 pm

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): I wish to present a petition to the House of Commons on behalf of more than 30,000 people across Northern Ireland. It relates to the Presbyterian mutual society. The petition is as follows:

To the Honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled.

The Humble Petition of the Presbyterian Mutual Society,

Sheweth that the Prime Minister should provide similar governmental guarantees to UK mutual societies as for banks; notes that the catalyst for the financial difficulties experienced by the Presbyterian Mutual Society arose after the Government applied their existing guarantee under the Financial Services Compensation Scheme to a number of UK Banks and Icelandic Banks; notes that this resulted in a large number of investors with the Presbyterian Mutual Society withdrawing their deposits; and acknowledges that with Government intervention the Society could be returned to its sound financial footing.

We note that in the case of the Dunfermline building society in Scotland, there was Government intervention. We hope that Presbyterians in Northern Ireland can be treated with the same degree of generosity by a Presbyterian Prime Minister and his Government. The petition continues:

Wherefore your Petitioners pray that your Honourable House will urge the Prime Minister and the Chancellor of the Exchequer to extend the Financial Services Compensation Scheme to include the Presbyterian Mutual Society and seek to secure appropriate intervention from the financial sector to provide a basis on which all members will be able to recover their investments in full.

I thank colleagues in the House from Northern Ireland constituencies, including my hon. Friend the Member for East Londonderry (Mr. Campbell), and the hon. Member for South Down (Mr. McGrady), both of whom have supported the cause of savers with the Presbyterian mutual society. The petitioners pray that the House will come to their aid in this matter, and the petition concludes:

And your Petitioners, as in duty bound, will ever pray, &c.

[P000347]

Councillor Paul Buchanan

Motion made, and Question proposed, That this House do now adjourn.—*(Helen Goodman.)*

9.35 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I am delighted to have the opportunity in an Adjournment debate to talk about Mr. Paul Buchanan. This is a short debate with a short title, but I am here to tell the House of some extraordinary events in the life of an elected councillor for the county of Somerset.

Mr. Buchanan is not a constituent of mine; nor, by any stretch of the imagination, is he is a supporter of my party. He is a Liberal Democrat, so we ought to be classified as sworn political enemies. However, sometimes there are bigger things in life than party loyalty, and when a man is made to suffer without good reason and has no right of redress, it matters not a jot what his party loyalties may be.

I became interested in the case of Paul Buchanan partly because his own political leadership disowned him. It puzzled me that a man should have a grievance that nobody was prepared to hear. Even his local Member of Parliament refused to take up the case. I am pleased to say that this House has a long and proud tradition of defending the weak and standing up for those who have no voice. Parliament, after all, is supposed to be the highest court in the land.

Tonight I bring before the House the strange case of Paul Buchanan. His world has been turned upside down, his career prospects have been badly damaged, his political ambitions in local government have been ruined and his good name has been rubbished, all because of the actions of one highly placed, highly paid and quite unscrupulous public official—the chief executive of Somerset county council, Mr. Alan Jones. This is a true story. Mr. Jones is guilty of deliberate deceit and victimisation. He deliberately set out to destroy Paul Buchanan. The tactics that Jones used make Damian McBride look like an angel.

I have the evidence right here. To his credit, Mr. Buchanan has at no time broken any confidences to me. All my information has come from available transcripts which were deemed by the Adjudication Panel for England to be "in the public domain". The documents that I have collected were part of recent hearings against Paul Buchanan. I attended one of the proceedings.

The evidence against Alan Jones is damning. On 4 April 2007 Alan Jones composed a six-page letter of complaint about Paul Buchanan and sent it to the Standards Board for England. At that time Mr. Buchanan was deputy leader of his party and hoped to be the new leader. Without the intervention of the chief executive, he would probably have succeeded, but with a very poisoned pen Jones totally undermined him.

The letter is a bizarre piece of writing. Jones attempts to play the reasonable father-figure, describing Mr. Buchanan as "young, able and enthusiastic". Then the venom starts to flow. Paul Buchanan is accused of secretiveness, undermining staff, aggression, threatening behaviour, rudeness, intimidation, anger, disrespect, fraud, sexism, racism, homophobia, and abuse of his office as an elected councillor. There is barely concealed hatred of the man in every sentence. It is the ultimate hatchet job. Indeed, if there was a prize for the black arts, Alan Jones would win it, hands down.

Jones did not want the Standards Board to investigate. He wanted an instant political execution. He asked for Buchanan to be suspended there and then. I can only hazard a guess at the reaction when his letter was received. The Standards Board would have been forgiven for thinking that Paul Buchanan was an unstable nutcase with homicidal tendencies. In fact, the really unstable character was the one who made the complaint—Somerset county council's most senior officer. Unfortunately, the Standards Board does not investigate complaints against officers; there is a gaping hole in the justice system. It is manifestly unfair that no legal process has yet been created by which officers can be independently investigated—unless, that is, they commit actual crimes. I invite the Minister to comment on that vital general point when he responds, and to see whether he can do anything to help.

The Standards Board had very few options. It was obliged to launch a full-blown inquiry into Mr. Buchanan, even if it doubted the wild complaints about him that Alan Jones had brought. The board went about its task relentlessly for two years. It conducted literally hundreds of interviews and produced thousands of pages of transcripts. When it rejected Alan Jones's first batch of complaints, Jones wasted no additional time disputing its findings. I sympathise a little with the Standards Board; it was dealing with a deranged obsessive. The first investigator, or ethical standards officer, as the board calls them, retired halfway through the tortuous process—probably exhausted. Lawyers came and went, and it dragged on. Heaven only knows what it cost—and the result? Eventually, 16 of the original complaints were rejected completely and four others were referred to a higher court—the Adjudication Panel. That meant more delay and more uncertainty for Paul Buchanan.

The panel, with a bench of barristers in tow, finally met in Somerset over recent weeks. Key witnesses were called to give evidence again—remarkably few, actually, because most did not want to have anything to do with it. The panel had access to all the original documentation and threw out three more complaints. One tiny charge was upheld. Paul Buchanan had been heard swearing under his breath. He was deemed to have been a little careless and ticked off with a censure—the mildest possible sanction. That is mad. Frankly, after two years in limbo, my language would have been extremely fruity and very loud indeed.

My fascination with the case, however, is with what really lies behind it. Why on earth did a chief executive, earning £160,000 a year, with 17,000 staff and huge responsibilities, go to so much trouble to make complaints about a young, ambitious councillor? Mr. Jones's explanation was beyond belief. He said that Mr. Buchanan's behaviour was

> "capable of damaging the council's continued improvement and external reputation."

That statement would stack up only if the charges against him were proved, but they were not. Paul Buchanan has been acquitted of everything serious. Let us remember the allegations: secretiveness, undermining staff, aggression, threatening behaviour, rudeness, intimidation, anger, disrespect, fraud, sexism, racism, homophobia—and, I suspect, leaving the toilet seat up.

[Mr. Ian Liddell-Grainger]

It is not credible that Alan Jones made an innocent mistake in complaining about Buchanan. Mr. Jones's charges were too specific, and they were backed up with too much detail and too much personal bile. It was a wholly personal vendetta. It is open to anyone—fellow councillors, council employees and ordinary members of the public—to make complaints to the Standards Board, but Jones extracted statements from junior staff who were perhaps too scared to go against the boss.

So, why on earth did Jones want to get Buchanan? And, what had Buchanan got on Jones? I am sorry if it sounds conspiratorial, but there is a big hint of conspiracy in all this. Mr Buchanan unfortunately knew too much for his own good. Back in 2005 there was gossip about Alan Jones having an affair with a member of staff called Jenny Hastings. Everybody at county hall knew about it; it was no secret. What Buchanan did not know, however, was that when the affair came to an end, Ms Hastings made very serious allegations of harassment against Alan Jones.

Obviously, engaging in such harassment is a sackable offence. The allegations had to be dealt with by a confidential panel of elected members, including Councillor Cathy Bakewell, the lady who led the council at the time. The panel did not reach a quick conclusion; everything was delayed because Mrs. Bakewell was taken seriously ill halfway through. These things happen. Paul Buchanan was then deputised to take on many of her responsibilities, but Cathy Bakewell never told him about the Alan Jones inquiry. Alan Jones, however, did tell him—and in lurid detail. Perhaps he wanted to curry favour with the man most likely to be the next leader of the county council. Until that moment, Paul Buchanan was unaware of any allegations and did not know about the confidential panel either; he was not even on it. Jones pleaded with Buchanan to help. Buchanan rightly told Jones that he could not. Big mistake: Alan Jones has a long memory and, as we will see, bears grudges.

By the time Councillor Cathy Bakewell returned to work, it was deemed too dangerous to punish Jones by sacking him. At that time, Jenny Hastings was threatening an industrial tribunal—a very public way of exposing the antics of her erstwhile lover. Meanwhile, the Audit Commission was due to inspect the council. There is nothing like a four-star sex scandal to scupper a council's chances of an "excellent" four-star rating. Behind closed doors and with the help of ACAS, a deal was sealed to buy off Ms Hastings. It cost £140,000 of taxpayers' money—slightly less than Alan Jones's annual salary. Somerset county council thought that it had got everyone involved to sign a confidentiality agreement, but it carelessly left at least one person off the list, which is why I know how much she was paid. There were also some very large extra payments. In the next couple of years, millions of pounds were spent on mysterious "staff restructuring" at Somerset county council. Did any of that money help buy the silence of those on the inside who knew the gory details? Were those in the know given golden goodbyes when they retired?

Life at the county council limped on, however. Paul Buchanan continued as deputy leader, taking a particular interest in two projects close to Alan Jones's heart. Both men wanted Somerset to be transformed into a unitary authority, taking responsibility from the five existing district councils. In my opinion, it was a mad idea, but Mr. Buchanan is a Liberal Democrat, so we have to allow for a certain degree of woolly-headed lunacy. Both Buchanan and Jones also wanted to see improvements in how services were delivered. So, in a peculiar fashion, Jones and Buchanan looked like peas in a pod. Jones was the go-getting chief executive, albeit with a weakness for women; Buchanan was business-savvy and energetic. What a team! Except that the go-getting chief executive much preferred compliant pussycat politicians who sit quietly in the corner and purr when officers tell them what to do. Mr. Buchanan had a failing: he was apt to ask too many questions. Furthermore, he came equipped with a brain.

The Minister may know of my close interest in the development and malfunction of a joint venture company involving Somerset county council, Avon and Somerset police and IBM.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan) *indicated assent.*

Mr. Liddell-Grainger: The Minister is nodding; he is aware of that.

The outfit is called Southwest One, and it is busy making a total hash of everything in the county. Its computer system does not work, it cannot place orders or pay bills and it is certainly not saving any money. Southwest One is the dubious end product of Alan Jones's desire radically to improve services—mad. The Jones philosophy is "anything goes", which explains how he was able to hire the wife of Avon and Somerset's chief constable to set it all up. Sue Barnes became Somerset's project director without any kind of formal interview. Her hubby, Colin Port, is now on the board of Southwest One. Funny old world, isn't it?

Paul Buchanan was involved in assessing the merits of the commercial bidders back in 2006. He was, after all, deputy leader and he knows a thing or two about business. There were three rivals: Capita, which, as we all know, is a big player in local government; British Telecom, for which Alan Jones got a consultancy in Somerset; and IBM. With millions at stake, such companies spend hundreds of thousands of pounds polishing their bids. They twitch if anyone speaks out of turn because there is so much at stake.

On 12 February 2007, Sue Barnes went to London with Paul Buchanan to meet IBM representatives. My sources in the industry tell me that IBM was badly rattled. It had heard rumours that Alan Jones had been singing the praises of BT during a late-night drinking session at a conference of chief executives. I forgot to mention that Mr. Jones likes to unwind with a glass in his hand—but this time, unfortunately for him, he was overheard. Sue Barnes and Paul Buchanan, to their credit, had to pour oil on IBM's troubled waters; otherwise, the whole project would have gone belly up.

Within a day or two of that meeting, Jones's attitude changed completely; it was the trigger that launched the campaign to destroy Buchanan. Jones sent a letter to Councillor Cathy Bakewell, the leader, about Buchanan's behaviour and persuaded his four most senior directors to sign it. Then Bakewell came to talk to the management board—that is, Jones and his four toady directors. She promised to "deal with Buchanan". In fact, she called

in the leader of the Lib Dems on the Local Government Association as a kind of mediator. Bad call. That particular individual, Richard Kemp from Liverpool—Jones's home town; they may even be mates—is known in Liberal circles as the Jackal. Assassination is his speciality, and Jones went to London to give him ammo—signed statements from people in and around Jones's office alleging Buchanan's "unspeakable" behaviour. Jones is a bully; his staff probably signed those statements in their own blood, for all I know.

I apologise to the House, because I am forced to go into great detail in order to explain the way in which the chief executive has immersed himself in party politics and the political process. Chief executives, I had always thought, are meant to leave politics to the politicians, but at Somerset county council, with a weak leader on her way out, anything goes for Mr. Jones.

The Jackal came to Somerset with a cunning plan: if Buchanan quietly resigned as deputy leader, promised to shut up and be a good boy, and accepted "mentoring" from Jones and the Jackal, then the charges would be dropped. Mr. Buchanan was not playing. If he had agreed to the Jackal's plans, he would have been accepting his own guilt—and, as we all know, he was not guilty of anything except swearing, once, under his breath. Mr. Buchanan suggested another mentor, a far more respected and accomplished figure—the former leader of Somerset county council, Sir Chris Clarke. Mentoring in local government is a semi-official process. A contract is drawn up between one of the major local government quangos and the council involved. Somerset did agree to sign up Sir Chris to mentor Paul Buchanan, but that did not stop Jones's campaign to destroy the man.

On 27 March 2007—the very day that the Government announced a shortlist of councils seeking unitary status—the Jackal e-mailed Lib Dem leaders, copying it to Jones, urging a full complaint to the Standards Board. He said:

"It is an ideal time to deal with this because of the Unitary News".

Sound familiar? A good day to bury bad news? Now we know why Richard Kemp is called the Jackal. No serious attempt was ever made to deal with Jones's complaints in-house—and that was what was meant to happen. Instead, Jones used the sledgehammer of the Standards Board, and the depths to which he and his henchmen have stooped are beyond belief.

This is a passage from a transcript of evidence to the Standards Board, which seems to be a deliberate attempt to blacken Paul Buchanan's name by suggesting that he was romantically involved with Sue Barnes, the project director and wife of the chief constable:

"Sue and Paul Buchanan were pretty much ensconced together at the back of the bus, sharing information and having a good time and having a laugh and a joke. I think what struck me was how close they were in terms of their body language...lots of whispers and laughter and what have you....I'm not suggesting for one moment it was inappropriate!"

Oh yeah? Pull the other one! The transcript was scored through, presumably by the man who gave the evidence—Roger Kershaw, Jones's No. 2. It looks like, and is, an organised dirty tricks campaign: first, someone uses innuendo in evidence, and then they are allowed to correct their evidence before the other side sees it. Somebody close to Kershaw sent it, anonymously, to me.

The interview between Kershaw and the Standards Board was conducted in June 2007. It contains another glaring untruth. Mr. Kershaw states that after Sue Barnes and Paul Buchanan went to see IBM in February, Sue Barnes's contract was terminated. In fact, Sue Barnes served the entire term of her contract until the IBM deal was signed in late September. What on earth was going on, and why in the name of sanity did it go on so long?

The Standards Board rejected the first batch of Jones's complaints because they were plainly ridiculous—so Jones started complaining about its decision. By now, the chief executive of Somerset county council was behaving like Victor Meldrew with a Kalashnikov. It is no wonder that Southwest One is regarded as a dismal failure. Jones was obsessed with his vendetta. Next, he unilaterally severed the mentoring contract between Somerset and Sir Chris Clarke that was established to help Buchanan. Buchanan hit back with a letter to the council citing incidents of drunkenness, womanising and bullying by Jones. He could not take them up with the Standards Board, because there is no mechanism to do so.

Jones cross-volleyed with yet more complaints, this time claiming that Buchanan was bullying him by complaining about his behaviour. You could not make it up. It is a plot full of bureaucracy, bonking and a chief executive who has gone totally bonkers.

Dan Norris (Wansdyke) (Lab): You have made some very serious allegations, and no doubt you believe them to be founded. May I ask whether under the umbrella of parliamentary privilege you have given the people whom you are accusing of very serious things—

Mr. Speaker: Order. The hon. Gentleman should be using the third person.

Dan Norris: I beg your pardon, Mr. Speaker.

Has the hon. Gentleman given the people against whom he is making accusations the opportunity to answer these points, and has he shown them his speech?

Mr. Liddell-Grainger: I thank the hon. Gentleman. He came in a little late, and if I may I should like to tell him that all this is in the public domain. It is all part of the transcripts that were given to the Standards Board. Everything that I am speaking about is in the public domain already, so the people involved have had ample chance to examine it. The Standards Board makes all its findings public, and all the information can be got hold of.

Dan Norris: Can the hon. Gentleman tell me whether the people involved have seen the speech that he is giving today? Have they had a chance to digest it and comment on it before his using the privilege of the House in this way?

Mr. Liddell-Grainger: No, because quite honestly the information is already in the public domain. If it were not, I would have had no problem with that, but what I am saying is a catalogue of what is already known. I am putting it in chronological order and saying to the Minister that we need to have the ability to bring about investigation of senior officers by the Standards Board.

[Mr. Liddell-Grainger]

The hon. Gentleman raises an interesting point, and the problem is that there is no mechanism for anybody in councils to criticise chief executives, including in his area's unitary council.

As I said earlier, it is important that we can stand up for people whose lives have been blighted by a situation that is outside their control. Everything that I have talked about is already known, and I am trying to bring in front of the House the facts of how a man's life can be ruined—he is a Liberal Democrat, so I have no truck with him—by one person demanding his head when the only thing that he is guilty of is swearing under his breath after two and a half years. That cannot be right. It is important that Members have the ability to stand up and defend people, and that is what I am trying to do. The House is, after all, meant to be the highest forum in the land. I have made all this information public on my website, although obviously not the speech, because I am just giving it. All the way through, for two and a half years, I have felt that the situation is out of control. At no stage have I held back from my beliefs. I welcome the hon. Gentleman's intervention, because it is important to say that all this is already in the public domain.

Before the final hearing, Jones was eagerly trawling county hall trying to persuade or threaten anybody to give any evidence against Buchanan. It was a waste of time. The proof came with the sensible, sober decision of the panel to acquit Mr. Buchanan. Paul Buchanan is still a Liberal Democrat, but his party will not have him as a council candidate in Somerset. He has been stitched up and, I am afraid, let down. The Liberal Democrats emerge from this sordid affair as weak-willed, mealy-mouthed and yellow—that is their party colour, after all. Alan Jones emerges as precisely what he is—a busted flush. Chief executives have a duty to behave like officers and, I would say, gentlemen. Jones is no gentleman, and he has certainly lost all moral authority to serve as an officer. I am afraid that the time has come for him to go.

9.58 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I congratulate the hon. Member for Bridgwater (Mr. Liddell-Grainger) on securing the debate. I thoroughly enjoyed his speech, and it is not often that I can say that in an Adjournment debate. I am pleased that he was able to speak candidly about issues about which he feels passionate.

I am grateful for the opportunity to discuss the conduct regime for local authority members, to which the hon. Gentleman alluded, and the work of the Adjudication Panel for England and the Standards Board for England and the valuable role that they play in ensuring that high standards of conduct are maintained by local authority members. I welcome the debate, which gives me a chance to put on record the Government's support for the conduct regime for local authority members and allows me to discuss the treatment of misconduct in that regime. That goes to the core of the debate.

I should make it clear at the outset that I cannot intervene in individual cases—the hon. Gentleman knows that from discussions that we have had.

10 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(*Mr. Ian Austin.*)

Mr. Khan: It is right that I should not be able to intervene in individual cases, as that guarantees the impartiality of the conduct regime and investigation process. Although I am happy to discuss the work of the Standards Board for England and the Adjudication Panel in general terms, I will not comment on or engage in debate about any specific ongoing case.

As the debate's title suggests and as the hon. Gentleman outlined, the case concerns Councillor Paul Buchanan, a former deputy leader of Somerset county council, but given that the Adjudication Panel is due to convene shortly to determine the outcome of several outstanding allegations, I will not comment on it. However, I should like to address briefly the conduct regime and the two points that the hon. Gentleman raised with which I can deal specifically later in my short speech.

In this country, we have naturally high standards of probity, accountability and objectivity—expectations of behaviour that demand a serious, reasonable, robust and fair conduct regime. It must be fair to the public and to all in public life. That applies equally to those elected to local authorities and to Members of Parliament. It is worth remembering that the conduct regime was introduced in the Local Government Act 2000 to promote high standards of ethical behaviour by local authority members. It gave a clear ethical framework for local authority members to work within, and made clear to the electorate the standards of behaviour that they could expect from those whom they voted into office.

In 2007, a revised model code of conduct for local authority members was issued, which was yet clearer, simpler and more proportionate. It removed barriers to members' ability to speak up for those they represent, for example, on planning and licensing issues, and has been well received by local government. All local authorities have followed it in their own codes, by which their members must abide.

In May 2008, the Government fulfilled their White Paper commitment, as recommended by the Committee on Standards in Public Life, to introduce a more locally based conduct regime for members and co-opted members of local authorities in England. Devolving responsibility for conduct issues to local authorities provides them with greater ownership of the conduct regime and local conduct issues, and boosts their role in promoting and maintaining a culture of high standards of behaviour. That belief is shared throughout the local government world.

The Standards Board for England, which until that point had been responsible for investigating alleged breaches of the code of conduct, has assumed its new role as the strategic regulator of local authority standards committees, responsible for monitoring their performance and issuing guidance on the conduct regime. The Standards Board continues to investigate the most serious allegations of misconduct.

Let us be clear: the regime accords with the recommendations of the Committee on Standards in Public Life, including the recommendation to establish a more locally based decision-making regime for

investigating and determining all but the most serious misconduct allegations, but with the Standards Board at the centre of the revised regime with a new strategic, regulatory role to ensure consistency.

The hon. Gentleman referred to serious allegations. It is a sad fact of political life that disagreement about issues can occasionally spill out of the correct channels for resolution and take on the form of remarks or accusations that suggest personal enmity. It is good to hear forthright views expressed vigorously—healthy debate is good for a healthy democracy and ensures that issues are thoroughly and publicly examined. That is true, whether in the Chamber, a council meeting or a parish hall. To some extent, we can also expect public figures to comment on issues in a private capacity—we are familiar with examples of that from our national and local media. For example, councillors with opposing views clearly express their opinions in the letters column of local newspapers.

As modern media have developed, so have the great opportunities that they afford for communication; indeed, the hon. Gentleman referred to his website. That is one of the reasons why my Department recently consulted on proposed changes to the code of recommended practice on local authority publicity. We want to remove barriers to communication between councillors and those whom they serve, by allowing, for instance, the local authority to host a councillor's blog. However, with that freedom comes responsibility. There is no place in political debate for making hurtful, potentially damaging and unfounded accusations. That is why we take bringing the office of a councillor into disrepute so seriously and why doing so constitutes a breach of the local authority members' code of conduct.

The other point that the hon. Gentleman made was about using the conduct regime as a political weapon. I am not insensitive in this context to the allegation that unscrupulous individuals may consider that the conduct regime can be used maliciously as a political weapon. I am conscious of that threat, but when we consider steps to halt what some might consider to be obviously false allegations intended to waste time and resources, we must take great care to ensure that in so doing we do not gag legitimate allegations.

Before the new regime, it was for the Standards Board for England to assess, and if necessary investigate, the some 3,500 allegations made about the behaviour of councillors every year. Under the devolved regime, the Standards Board investigates only the most serious allegations. One of the concerns raised by the hon. Gentleman was about delay. Indeed, the facts of the delay are a source of serious concern. The Standards Board has a target of completing 90 per cent. of its cases within six months; he mentioned a period of two years and explained why there had been unfortunate problems in the case. The 90 per cent. target is a challenging target, but he will be interested to know that last year the Standards Board did not just meet it, but exceeded it, completing 96 per cent. of cases on target.

I realise that it can be trying for those who are subject to an allegation that takes some time to investigate and resolve. Investigations can become protracted for a number of reasons. Some cases are complex and require the collection of evidence from a number of witnesses. In addition, fresh evidence may come to light during the investigative process. We must also consider the fact that, unfortunately, the investigation can be protracted owing to malicious behaviour on the part of the subject or subjects of the allegation, or perhaps others who have reason to fear its outcome.

Let me turn to the issue of misconduct. The Adjudication Panel for England, the Standards Board for England and the standards committees of local authorities are all part of a conduct regime underpinned by the local authority members' code of conduct. The code makes it clear to councillors and their communities what might constitute a personal or a prejudicial interest, for example, and it addresses issues such as gifts and hospitality, which are clearly not relevant to this case. However, the code also addresses fundamental issues of behaviour and conduct.

Founded upon the seven principles of public life, the code states, for instance, that councillors must not abuse their position as councillors and that they must not disclose confidential information in an inappropriate manner. The code directly addresses matters more fundamental still—not just those that are fundamental to public life, but principles so fundamental that I hope that we would all strive to meet them unconsciously in everyday life. The code explicitly states:

"You must treat others with respect",

and says:

"You must not…bully any person"

or "intimidate any person".

Let us take bullying as the most obvious example. Bullying, I hope we can all agree, is unacceptable. It does not matter whether bullying happens in the playground, the workplace, the Chamber or the barracks—any civilized society rejects it. That is why bullying is in the code—because it is a serious issue when it happens between individuals, damaging people, and because it is a serious matter when it happens in a local authority, damaging the working of the authority and, potentially, confidence in democracy if exposed, and the delivery of services if not. Simply put, unacceptable behaviour is not tolerated. Those who are guilty of misconduct are investigated and sanctions are brought against them. The conduct regime, underpinned by the members' code, will ensure that that continues to be the case.

The hon. Gentleman raised the question whether the Government should allow standards committees to investigate, for example, allegations against local authority officials such as chief executives. He will be pleased to know that we recently held a consultation on whether there should be a model code of conduct for local authority officials, just as there is one for local authority members. We are currently considering the more than 1,000 responses to the consultation that we have received. The consultation included proposals to transport some aspects of the members' code to senior officials. The code will form part of an employee's terms and conditions of employment and could be used in any disciplinary procedures. I should just add that whether the standards committees or other bodies should have the authority to enforce the code is an issue on which we shall consult.

Mr. Liddell-Grainger: I thank the Minister and I welcome his words. I am delighted to hear that, but unfortunately it will not help this gentleman. Will the

[Mr. Liddell-Grainger]

Minister give an indication of the time scale involved? I know that we are in the middle of the consultation, but he must have a thought in the back of his mind as to when this will happen. It is extremely important in trying, as it were, to even things out on both sides.

Mr. Khan: I think it is important to have political consensus in this area. I do not wish to make cheap political points, but the hon. Gentleman will be aware that his party is committed to abolishing the Standards Board, so the idea of having a parallel system for senior officials would obviously not work if the Standards Board regime were abolished. I am keen to move forward as soon as possible. The hon. Gentleman's example is not the only example of allegations—these are allegations—against senior officials, and the issue of public confidence is important.

The hon. Gentleman will be aware that, in the meantime, it is open to the employers of senior officials to take disciplinary action if they have breached express or implied terms in their contracts of employment. I nevertheless understand the point that he has raised and the sense of urgency, as we do not want examples of serious allegations against senior officials not being taken seriously or not being considered by a similar code.

Before concluding, I want to address another issue that the hon. Gentleman raised—Southwest One. My Department has no formal involvement in the development of Southwest One, but if allegations of corruption are made, they should clearly be viewed as a criminal matter requiring the involvement of the police. If there is any evidence of corruption in this case, it should be turned over the Serious Fraud Office.

Mr. Liddell-Grainger: There is no indication that there has been criminal intent, partly because Avon and Somerset police are involved, as is the hon. Member for Wansdyke (Dan Norris). What has happened here is that there has been a desperation to do a deal for procurement, which neither side disagrees with. We agree in the House that efficiency is right. It is the undue haste and the way it was set up that has been the problem, but there is nothing criminal about that. It is just that the procedures were not followed and when somebody said, "Look, this is wrong," they sacked him. Another illustration is that the union leader, Nigel Behan, who has also tried to lead on this, has been fired as well. He is seeking reinstatement at the moment, so the issue has deepened, but there is no criminal intent.

Mr. Khan: Let me conclude. I recognise that investigations into allegations of misconduct impact on reputations, careers and lives; they are not undertaken lightly. I recognise, too, that there are those who would try to twist the conduct regime—which is intended to give councillors an ethical framework to work within and to give the public a clear expectation of the standards of behaviour they can expect from those they voted for—for their own ends. I believe that the conduct regime is robust, reasonable and proportionate and that it provides a framework to work within and an enforcement method to address those who are guilty of misconduct, so helping to maintain confidence in democracy.

I would like to thank the hon. Member for Bridgwater for raising some important issues tonight and my hon. Friend the Member for Wansdyke (Dan Norris) for his important interventions. I hope that the hon. Gentleman will understand why I have not gone into specific detail about the history of the case he raised. I know that the Under-Secretary for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), was due to meet the hon. Gentleman today, and I am sure that he will be happy to reschedule the meeting in order to deal with the important issues raised about Southwest One.

Question put and agreed to.

10.13 pm

House adjourned.

House of Commons

Wednesday 22 April 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Dissident Republican Groups

1. **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): What steps the Government are taking to prevent the recruitment of young people to dissident republican groups. [290813]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): Dissident republican groups have nothing to offer but violence and suffering and are funded by criminal activity. Resources for the prevention of recruitment are shared between the Police Service of Northern Ireland, the Northern Ireland Executive and the Northern Ireland Office.

Mr. Whittingdale: Is the Secretary of State aware of reports that dissident groups are using social networking sites, websites and blogs to recruit young people, some of whom may be as young as 13? Will he say what he is doing to tackle that and, in particular, whether he will consider taking down any offensive material promoting terrorism or violence that appears on social networking sites, or blocking access to any such websites?

Mr. Woodward: I have been made aware of this, and the police are indeed investigating it. The site itself has vowed to remove materials that it considers illegal, defamatory or fraudulent or that infringe or violate any individual's rights. There are clearly some legitimate concerns, and obviously the police will act if there is any evidence of activity of a criminal nature going on. The hon. Gentleman makes a very important point. Whether this activity is done on social networking sites or in any other way, these organisations are criminal organisations and we need to ensure that young people realise that they are just that.

Mark Durkan (Foyle) (SDLP): Does the Secretary of State agree that one good way of helping to disarm the dissidents of some of their twisted logic would be for us to achieve completion on the political institutions and policing through the devolution of justice and policing? Does he also agree that a bad way of trying to convince young people to stay out of dissident violence is for some people to pretend that violence in the past was somehow morally justified or circumstantially different from the awful, brutal and futile violence now? It was always counter-productive—then and now—and young people see through hypocrisy and dishonesty when it comes from an older generation.

Mr. Woodward: My hon. Friend makes an absolutely valid point. I simply say that it is incumbent on all of us to ensure in whatever way we can that we reach young people and make them realise that these criminal groups have nothing to offer them now and will have nothing to offer them in the future. I also agree with him that we should now complete devolution, because that will clearly be the strongest signal of all that politicians in Northern Ireland have the confidence to say to young people, "Leave the future to the legitimate, elected people of Northern Ireland."

Sir Patrick Cormack (South Staffordshire) (Con): Would this be a fitting moment to pay tribute to Sir Hugh Orde, who has constantly warned us about dissident republicans and the threats that they pose? Has he not been an exemplary leader of the PSNI and given incalculably good service to the people of the United Kingdom throughout his period in Northern Ireland?

Mr. Woodward: I am grateful for this opportunity to endorse what the hon. Gentleman says about the contribution of Sir Hugh Orde as Chief Constable. For seven years he has provided outstanding leadership and helped to change the face of policing in Northern Ireland. That is absolutely not in any way to diminish the extraordinary work that was done by the Royal Ulster Constabulary, but it is to recognise that, in the face of the Patten report and the changes that came about, and by building confidence across the entire community in Northern Ireland, he has led that change and been a great leader. We owe him a very great debt indeed.

Mr. Peter Hain (Neath) (Lab): May I agree with my right hon. Friend about Hugh Orde? As Secretary of State, I could not have had a better or more astute Chief Constable with whom to deal.

On the dissident threat, does my right hon. Friend agree that it was aimed not least at trying to torpedo the agreement between the Democratic Unionist party and Sinn Fein, and between the First Minister and Deputy First Minister, on the programme and principle of the devolution of policing and justice? Does he agree that it is absolutely essential that none of the parties is deflected by dissident attacks and tragic murders from pursuing their course and completing the process of devolution that is so essential to entrenching stability and peace in Northern Ireland?

Mr. Woodward: I entirely agree with my right hon. Friend. It is very clear that the criminals behind the so-called dissident attacks set out to destabilise and damage the confidence of the people in Northern Ireland in the peace process and the political process. Of course what they also did, regrettably, although I continue to pay tribute to those who were murdered, was reveal the strength, depth and width of the political process and the peace process. It is stronger today than at any point before, and people in Northern Ireland can have great confidence in their political institutions.

Dr. William McCrea (South Antrim) (DUP): Can the Secretary of State confirm that the security forces informed two of their former members in recent days that they were to be murdered by the so-called dissident republican terrorists? Failure to take resolute action to eliminate terrorism will consign the people of Northern Ireland to more years of terrorism. Will the Secretary of State confirm that, in the light of the severe threat to former members of the security forces, they will be granted the right to hold personal protection weapons?

Mr. Woodward: I do not think that it is appropriate for me to comment in the House on individual circumstances and whether individuals might be subject to threats. However, I am prepared to say that we take threats extremely seriously, and the Chief Constable will take all necessary and proportionate measures to protect individuals who may be the subject of those threats. That is why, for example, he is reviewing measures on the retention and use of personal protection weapons.

I am sure that the House is looking forward to the announcements later today from my right hon. Friend the Chancellor of the Exchequer. He has had the opportunity to examine our proposals to the Treasury for additional help to ensure that we have a police service in Northern Ireland that can deal with all criminal elements, including threats from so-called paramilitaries.

Mr. Eddie McGrady (South Down) (SDLP): First, I would like to be associated with earlier speakers' compliments to Sir Hugh Orde on his great work in Northern Ireland. I had the pleasure of serving with him on the Northern Ireland Policing Board.

Apropos the question, does the Secretary of State know that a consequence of the horrific murders of the soldiers and the police officer is a tendency for police officers to withdraw from the communities that they serve, resulting in an increase in crime and antisocial behaviour? If that continues, there is a danger of recreating no-go areas, which we will not tolerate or accept. Such withdrawal is understandable for personal protection purposes, but it has to be addressed. I ask the Secretary of State to use his best endeavours to ensure that that tendency and drift is stopped and reversed because it assists the recruitment of dissident republicans, including very young people, in my constituency.

Mr. Woodward: The hon. Gentleman rightly pays tribute to the work of Sir Hugh Orde—I imagine that many hon. Members wish to endorse his comments. I entirely agree with the hon. Gentleman's analysis. It is incredibly important that we all do all we can to reach those young people and make them realise that they have no future in engaging in criminal activity. On policing areas that may be especially affected, I reassure the hon. Gentleman that one of the distinctions of Hugh Orde's policing leadership has been to ensure that the officers of the PSNI carry out community, normal policing. We are doubly resolved to ensure that it remains good community and neighbourly policing, and that there will be no no-go areas in Northern Ireland.

Mr. Owen Paterson (North Shropshire) (Con): On behalf of Her Majesty's Opposition, I endorse the comments of my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) and the Secretary of State about Sir Hugh Orde, who is moving to another job. He did a remarkable job under difficult circumstances, and we should all be grateful for his work. We wish him the very best in his new endeavours.

The most effective way in which to prevent young people from joining dissident groups is a strong legal deterrent, with a very real prospect of arrest and conviction. Under existing legislation, some individuals who are linked to terrorism and convicted of firearms offences have received only suspended sentences. Is the Secretary of State considering reviewing that legislation?

Mr. Woodward: I am always happy to review legislation, with a mind to improving it and making it more effective. However, let us be clear: between the signing of the Good Friday agreement and today, there has not been a significant increase in the numbers of people joining so-called dissident organisations, which we know to be criminal. That does not mean to say that—as with any regrettable gang culture—young, impressionable, alienated, albeit completely wrong-headed, people may feel disposed to be recruited to those gangs. We will take any measures that we can to discourage them—whether legislation, working with the Executive or other steps. However, I point out to the hon. Gentleman that one of those arrested for the murder of one person in the attacks in early March will be charged with being a member of a proscribed organisation.

Mr. Paterson: Let me look at the issue from a slightly different angle. Following the Omagh bombings, the former Prime Minister passed legislation changing the rules on admissible evidence. However, it was so unworkable that it was repealed weeks after he left office. Is the Secretary of State considering legislating for new and usable powers to curb terrorist activity effectively?

Mr. Woodward: I think that the hon. Gentleman knows that I have a strong record of working closely with the Chief Constable and the PSNI to ensure that he has all the tools available, whether in legislation or resources, as the hon. Gentleman will discover later today, to achieve public order and public safety. I am prepared to look at any appropriate, proportionate measure. However, for the benefit of the House, I would just say to him that, in relation to the attacks that happened at the beginning of March, the PSNI has made some spectacular progress, which has led to the arrest of individuals and charges of murder in the case of both attacks. I am confident that the police service has what it needs, but I am always prepared to enter into more negotiations.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I associate those of us on the Liberal Democrat Benches with the comments made earlier about the ending of Sir Hugh Orde's tenure? He was always vigorous in making the case for the proper resourcing of the PSNI. I hope that the Secretary of State and the Treasury will not see his moving on as an opportunity to diminish the resources given to policing and, in particular, to community safety partnerships in tackling the recruitment of young people to dissident republican groups. Does the Secretary of State agree that community safety partnerships have a particularly important role, as do all parties in all communities in Northern Ireland?

Mr. Woodward: Of course community safety partnerships have an extremely important role to play, both in the context of the resources in the original comprehensive spending review settlement for the PSNI and crucially, as the hon. Gentleman will see from what my right hon. Friend the Chancellor may have to say later today, in relation to the police service and the resources required in Northern Ireland to meet the current criminal threats that are operating there. The hon. Gentleman will see that the Government are indeed a staunch friend of law and order in Northern Ireland.

Cross-Border Traffic

2. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What recent discussions he has had with the Chancellor of the Exchequer on levels of cross-border traffic between Northern Ireland and the Republic of Ireland to take advantage of different duty levels. [269404]

The Minister of State, Northern Ireland Office (Paul Goggins): I have had no such recent discussions. Policy relating to rates of duty is the responsibility of the Chancellor of the Exchequer, while responsibility for the promotion of business in Northern Ireland is largely devolved to Northern Ireland Ministers.

Mr. Hands: The Minister will be aware of the huge increase in volumes at the border, with people trying to take advantage of both different duty rates and the collapse of sterling, thanks to his Government. What specific involvement has he seen of organised crime and paramilitary groups in that increased trade?

Paul Goggins: The price of particular items on either side of the border will reflect a range of factors, including the value of the currency, VAT rates and duty rates. People will act rationally and make choices accordingly. However, the hon. Gentleman puts his finger on an important issue, which is the need to deal with those who would manipulate the border as a way of conducting illegal activity. We have established an illegal fuel enforcement group under the Organised Crime Task Force. Yesterday it had its most extensive operation yet, when 19 premises north and south of the border were raided. Huge volumes of illegal fuel were seized, as well as vehicles and cash. We take the issue extremely seriously and there will be more action to follow.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): What discussions, if any, has the Minister had with the Irish Government and, in particular, with the Irish Finance Minister on cross-border activity and mutual matters?

Paul Goggins: Of course, it would not be appropriate for me to have discussions with the Finance Minister of the Irish Government, because such matters go beyond my responsibilities. However, I can tell my hon. Friend that I have certainly had many discussions with the Justice Minister of the Irish Government about how we can co-operate to ensure that those who deal in illegal fuel are dealt with and brought to justice.

Mr. Nigel Dodds (Belfast, North) (DUP): I acknowledge the good work that was done yesterday on apprehending fuel launderers along the border, but would the Minister agree that there is a lot of frustration in Northern Ireland—*[Interruption.]*

Mr. Speaker: Order. It is unfair to hon. Members who are here for Northern Ireland Questions that there should be so much noise.

Mr. Dodds: Thank you, Mr. Speaker.

Does the Minister agree that there is a lot of frustration in the communities in Northern Ireland about the lack of further action against fuel launderers? Does he acknowledge that more work needs to be done between the Serious Organised Crime Agency, the PSNI, the Northern Ireland Office and Her Majesty's Revenue and Customs to ensure that a real focus is brought to this issue?

Paul Goggins: That is what the Organised Crime Task Force does: it brings all those agencies together in a focused way. The hon. Gentleman is right, however, to say that people are impatient for action when they see illegal activity being carried out. We will seize assets that have been criminally acquired, and ensure that people are prosecuted when that is appropriate. When people commit serious offences, they should go to prison.

Mr. Lindsay Hoyle (Chorley) (Lab): I welcome what my hon. Friend says about trying to stop the smuggling of fuel across the border. What evidence is there that fuel is being smuggled not only into Northern Ireland but into the north of England and the rest of the mainland? What effect is that having, and what is he doing to prevent the fuel from reaching the mainland?

Paul Goggins: My hon. Friend has put his finger on an important issue. Criminal networks in Northern Ireland might seek to bring their illegal fuel over to England and Wales and beyond. Her Majesty's Revenue and Customs leads on all this work, and operates right across the United Kingdom. We take this matter very seriously.

Mr. Laurence Robertson (Tewkesbury) (Con): The Minister has already referred to the seizure of large amounts of fuel. As he said, 175,000 litres were seized yesterday, along with €22,000, four mobile laundering plants and 12 vehicles. I would like to congratulate the police and customs authorities on both sides of the border who have done extremely well in making these seizures, but it is worrying that as many as 15 to 20 organised crime gangs are involved in smuggling fuels including red and green diesel. What assessment has the Minister made of the full extent of this problem?

Paul Goggins: The assessment that I have made leads me to believe that the only way to deal with this issue is on a cross-border basis. That is why the fuel fraud enforcement group involves Revenue commissioners and the Criminal Assets Bureau in Ireland as well as Her Majesty's Revenue and Customs and the PSNI; it is a collaborative effort. The hon. Gentleman could add to the list that he just read out the 25,000 litres of toxic waste, which would otherwise have been poured into the environment, that was rescued yesterday. Those who conduct this kind of activity have no regard for human life or for the wider environment.

Supervision of Offenders

3. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What recent steps he has taken to strengthen

mechanisms for the supervision of offenders following their release from prison in Northern Ireland. [269406]

The Minister of State, Northern Ireland Office (Paul Goggins): This month, I have introduced electronic monitoring and extended post-custody supervision so that more offenders will be managed by the probation service on release from prison. Both these measures will strengthen the management of offenders in the community.

Mr. Bailey: I welcome the Minister's comments and the policy. Can he reassure me that the extra burdens that the policy will place on the Northern Ireland probation service will be matched by extra resources in order to implement it? Otherwise, its impact could be severely reduced.

Paul Goggins: Until very recently, the only offenders coming out of prison who received supervision in the community were the most serious offenders who had been serving life sentences. We have now extended the provision so that anyone who receives a sentence of 12 months or more will receive supervision after their release. We have been able to increase the budget of the probation service by 20 per cent. to ensure that it can fulfil its obligations and provide the necessary support. I hope that that will reassure my hon. Friend that we are putting the necessary resources in place.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister have any information about the number of offenders being released from prison who might be tempted to associate with, and become members of, dissident groups in Northern Ireland?

Paul Goggins: As the hon. Gentleman knows, we are constantly vigilant of people coming out of prison as well as of those in the community to ensure that we have the necessary intelligence to find out who is associating with those organisations, and to bring them to justice when they commit criminal offences.

Mr. Gregory Campbell (East Londonderry) (DUP): Preparing prisoners for their release from prison can be achieved more easily when we have state-of-the-art, purpose-built facilities in which to house them in the first place. When will the Minister be able to announce the beginning of the construction of the new prison at Magilligan? He and I, and others, worked hard to achieve the announcement of that new, state-of-the-art facility. When will we see the beginning of its construction?

Paul Goggins: The hon. Gentleman is a great advocate for the rebuilding of Magilligan prison. I cannot give a precise date when the building work will begin, but I can say that the detailed design work and the preparations are happening right now. I would be happy to meet him and update him on the plans at a suitable time.

Community Halls (Criminal Attacks)

4. **James Brokenshire** (Hornchurch) (Con): What steps the Government are taking to assist the Police Service of Northern Ireland in preventing criminal attacks on community halls. [269407]

The Minister of State, Northern Ireland Office (Paul Goggins): Community halls play an important role in every local area across Northern Ireland. The Police Service of Northern Ireland works closely with local community safety partnerships and those who run the halls to do everything possible to prevent such attacks.

James Brokenshire: The Minister will be aware of the considerable concern arising from the attacks on community halls. There has been some suggestion that the number of such attacks is increasing. Can he confirm whether that is the case and, if so, what impact it will have on his estimate of the sums payable under the applicable statutory compensation schemes?

Paul Goggins: We are constantly vigilant on the issue of attacks on community halls. The number of attacks in 2008 was a significant reduction on the number in 2007, but there is no room for complacency. The PSNI works with those who run the halls in order to protect them. We have extended the compensation scheme in Northern Ireland so that any community hall conducting charitable activities is given further protection.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): The Minister will be aware of the very important role of community halls, including Orange halls, in rural and urban communities across Northern Ireland. We welcome the— *[Interruption.]*

Mr. Speaker: Order. This noise is unfair to hon. Members who are in the Chamber for Northern Ireland questions.

Mr. Donaldson: We welcome the recent changes to the compensation legislation, which mean that halls will be properly compensated when they are the subject of an attack. Will the Minister continue to work with us to drive down the cost of insurance for community halls so that those who run them for the benefit of the community will not suffer the penalties that they suffered in the past?

Paul Goggins: I certainly join the right hon. Gentleman in paying tribute to those who run these halls. Whatever the organisation that runs them across Northern Ireland, they are a huge additional bonus to any community in providing very important resources. Of course, the recent extension of the compensation scheme—the hon. Gentleman acknowledged that it has taken place—has been a significant factor in helping to keep the insurance premiums down. I am happy to continue to work with him and with all organisations in order to make continued and steady progress.

Dissident Political Organisations

5. **Mr. David Jones** (Clwyd, West) (Con): What recent estimate he has made of the size of membership of dissident political organisations in Northern Ireland; and if he will make a statement. [269408]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): We believe that there are three so-called dissident political organisations, but it is difficult to estimate the number of members of them, except to say that they have extremely limited appeal because they reject both the peace process and the political process.

Mr. Jones: The Secretary of State will recall that, last month, the Minister of State told the House about the activities of dissident paramilitaries who were, as he put it, using extreme violence to extort money from drug dealers while at the same time pretending to protect the communities in which they were operating. He quite rightly said that it was necessary to bring such individuals to justice. Can the Secretary of State say what success the PSNI has had so far in that regard?

Mr. Woodward: The hon. Gentleman makes a very important point. The PSNI continues to be extremely successful in bearing down on all kinds of criminal activity, including that from so-called dissident paramilitary groups. It is essential for the House to remember that the funding of those so-called dissident groups—they are also, of course, criminal—comes from criminal activity. We will pursue them rigorously.

Sammy Wilson (East Antrim) (DUP): The Secretary of State has admitted that the security forces do not even know the primary people involved in dissident organisations, let alone what attacks they are planning. Does he accept that that is partly due to the fact that the special branch of the RUC, now the PSNI, was disbanded, so those intelligence sources have been lost and we are now in the dark about what dissidents are likely to do and what attacks they are likely to plan?

Mr. Woodward: I really do disagree with the hon. Gentleman. First, I pay tribute not only to the RUC, but to the PSNI and the security services throughout the period. We should recognise the number of attacks that they have stopped and the number of people who have not died because of their work, which was important not only 10 or 20 years ago, but continues to be important today.

Later today, my right hon. Friend the Chancellor will have things to say about ensuring that the police have the resources that my right hon. Friend the Prime Minister promised they would have. We are determined to bear down on those people and the hon. Gentleman will see actions and words together this afternoon.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [269360] **David Simpson** (Upper Bann) (DUP): If he will list his official engagements for Wednesday 22 April.

The Prime Minister (Mr. Gordon Brown): This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

David Simpson: As we prepare to hear the Chancellor's Budget today, will the Prime Minister detail for us what sort of an impact scrapping the Barnett formula would have on the least well-off regions of the United Kingdom, including, of course, Northern Ireland? Will he resolve that those areas such as Northern Ireland will not be penalised in the allocation of funding for essential services in the Budget?

The Prime Minister: It has been common ground between all the parties over the last 30 and more years that the allocation of public spending resources in the United Kingdom is based on need. I believe that that is the right formula and the right way to proceed.

I can tell the hon. Gentleman that, over the last few months, as a result particularly of the pre-Budget report, an injection of resources into Northern Ireland has amounted to £600 million, so that the Northern Ireland economy can do better. He has made his representations about the need for extra policing costs as a result of recent terrorist incidents. I hope he can look forward to the statement that will be made later today by the Chancellor.

Derek Twigg (Halton) (Lab): The Home Secretary said on Sunday that she is committed to releasing any relevant information into the public domain as soon as possible that would shed light on the Hillsborough disaster and its aftermath. My right hon. Friend the Prime Minister will have seen the distress and anger that still exist in Liverpool and elsewhere, and among families and supporters, by watching last week's memorial service, which more than 30,000 people attended. Will he ensure that all information is got out as soon as possible? That should include not only police files, but health files, local government files and Government papers that relate to the disaster, because the way it was handled originally was a disgrace. The police tried to cover it up and present it as being caused by Liverpool fans. Of course, there was also the disgraceful 3.15 cut-off point for time of death.

The Prime Minister: I am sure the whole House, on its return, will wish to repeat the sympathies that have been sent to all those families who lost loved ones as a result of the tragedy at Hillsborough: 96 people lost their lives on that day and the inquiry found that actions had to be taken so that something like that would never happen again. I well understand that, even after all these years, the feelings of the families are such that they want to be sure that everything possible was done. So, yes, we will look at how we can release whatever information is available to the families.

I have to say that the Taylor report was a very full inquiry. There was then a further inquiry after 1997 to look into what it may be necessary to do in addition, but if this is a means by which we can help the families in difficult times, even after these years, we will look carefully at what we can do.

Mr. David Cameron (Witney) (Con): Today's unemployment figures are a reminder of the human tragedy of this recession: young people leaving school and university unable to get a job, and families facing tight budgets as people go on to part-time work or lose their jobs altogether. Before we hear the Budget from the Chancellor, I want to use this opportunity to get the Prime Minister to confirm some simple facts about the state of our economy. First, will he confirm that today's unemployment figures show that what we have seen so far this calendar year is the fastest increase in unemployment in our history?

The Prime Minister: That is exactly why we are taking all the action that we are taking. Unemployment is rising—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister speak. He is entitled to speak.

The Prime Minister *rose—[Interruption.]*

Mr. Speaker: Order. Do not tell him what to say!

The Prime Minister: There are still 29 million people in work, nearly 3 million more than there were 10 years ago. We will continue to do everything we can to help people into work and help people to stay in their jobs. That is why we have extended tax credits so that they can help people on short time to have a living income. That is why we have taken action to ensure that there are 35,000 more apprentices in our country. That is why this week we introduced a scheme to help people who have been unemployed for six months to get back into work. That is why we are prepared to spend the money and invest it where it is necessary to do so. There is not much point in the Conservatives coming and telling us that they want to do something about unemployment if they oppose every measure that we are taking to deal with it.

Mr. Cameron: The fact is that the Prime Minister's schemes are not working. The forecast that the Chancellor made in the pre-Budget report of the level of unemployment at the end of the year was reached this morning, in April. That is the truth about these figures.

In terms of the figures, will the Prime Minister confirm that there are now more young people not in employment, not in education and not in training than ever before? Can he give us the figures for that?

The Prime Minister: I have looked at this very carefully, actually, and there are nearly a million more young people in education, training or work than there were in 1997. If the right hon. Gentleman looks at the figures for those aged 18 to 24 or 16 to 24, he will see that nearly a million more young people are in work or training.

Mr. Cameron: Talk about massaging the figures! I asked the Prime Minister for a very simple fact: how many young people are out of employment, education and training? The answer is 857,000. That is the highest number on record. Even before the recession began, it was higher than when Labour came to power. If the Prime Minister will not even acknowledge these facts, how on earth are we going to make any progress?

Let me turn to the public finances. Will the Prime Minister confirm that next year Britain will borrow more than at any moment in our peacetime history—yes or no?

The Prime Minister: First, on unemployment and young people, let me just give the right hon. Gentleman the figures so that he is absolutely clear. In 1997, 3.9 million 18 to 24-year-olds were working or engaged in full-time education. The figure is now 4.7 million. In 1997, 5.2 million 16 to-24-year-olds were in full-time education or employment. The figure is now 6.1 million. I am giving the right hon. Gentleman the facts, and these are the facts. There are more people in work, training or education than there were in 1997, and I challenge him to deny that fact.

The second issue is public borrowing. In every country, borrowing is rising. The right hon. Gentleman will find that borrowing is actually higher in America than it is in Britain. The reason is that having lost substantial revenues as a result of the economic crisis, we are still prepared to take the action necessary to help home owners, to help people into jobs, and to help businesses. Once again, the question is this: will the Opposition stop deciding to cut public expenditure at a time when it is most needed, and will they support us when we give real help to people now?

Mr. Cameron: What we have heard is a complete failure to address the facts. When the Prime Minister was in opposition, he talked about youth unemployment, not the number of people in jobs. The fact is that since Labour came to power, unemployment is up and youth unemployment is up.

The Prime Minister talks about the deficit. The Chancellor is about to stand up and, I believe, say that we are going to borrow around 11 per cent. of our GDP. There is no other country in the G20 with figures as bad as that. If we do not have a Prime Minister who can accept the facts, we are never going to make any progress.

Let me try another fact. In terms of the recession, will the Prime Minister confirm that, far from this being "not as bad as the 1980s" or "not as bad as the 1990s", we are now, in Britain, in the deepest recession since the second world war?

The Prime Minister: I am glad that the right hon. Gentleman has asked that question. In the early 1990s, interest rates went up to 15 per cent. In the early 1990s, inflation went up to 10 per cent. In the early 1990s, the Conservatives did nothing when people were worried about their mortgages. In the 1990s, they did nothing when people became unemployed. And who was the chief economic adviser to the Chancellor at the time? None other than the Leader of the Opposition.

Mr. Cameron: Perhaps on another occasion we can talk about some of the Prime Minister's chief advisers and what they have been up to. It is about time he realised that as well as bringing the country to the brink of financial bankruptcy, he has brought his party to moral bankruptcy. The truth is—we are going to look at the facts—that this is the deepest and most painful recession since the war. On this day—a day when the Chancellor is going to have to explain that unemployment is rising faster than ever before, that the number of young people not in education, employment and training is higher than ever before, that Britain is borrowing more than ever before, and that the recession is as deep as I said—will the Prime Minister finally admit that he did not abolish boom and bust?

The Prime Minister: Every crisis that has happened since the second world war has been the result of high inflation pushing interest rates up, causing businesses to go bust and forcing people to get unemployed. That has been the traditional economic crisis we have faced, but this current crisis is happening even when inflation is low and interest rates are low. *[Interruption.]* If the Conservatives do not want to understand the solution, they will not even understand the problem. This is a global banking crisis, which we are dealing with through measures that in every case the Conservatives have opposed. If they want to do something about the economic crisis, they should support the measures we have been taking.

Mr. Cameron: On this day of all days—on this day of judgment—let me have just one more go. When the whole country can see that we had a boom and we are now in such a deep bust, what is it about the Prime Minister that he cannot admit what everybody knows: he did not end boom and bust?

The Prime Minister: The right hon. Gentleman knows perfectly well that we are dealing with a banking crisis that has infected the rest of the economy, and if the Conservative party does not face up to that, it will never be able to solve the problem. *[Interruption.]* I am not going to go back to the days of the 1990s—*[Interruption.]*

Mr. Speaker: Order. It is getting to the stage when every day I have to tell you, Mr. Gray, to be quiet when a Minister is replying to this House. You have got to pack it in.

The Prime Minister: We are not going to go back to the days of the 1990s of 15 per cent. interest rates, when we did little to help people with mortgages. This week we have announced a mortgage rescue scheme that will help—as will our other measures—thousands of families in the country. This week we have announced measures to help young people who are unemployed. The Chancellor will be announcing measures that will not only help jobs, but build for the future. But to do that we have to invest in the future; we cannot cut our way out of this recession. That is the difference between the two parties.

Q11. [269370] **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): Contrary to what may have been suggested at the weekend, the Labour Government have done much for the people of Halifax over the last 12 years, and the Prime Minister is responsible for many of those successes. Therefore, may I ask him to reassure me that he will continue to do all he can to protect jobs in the finance industry, in which thousands of my constituents are employed?

The Prime Minister: There are better schools, there are more hospitals, there are more Sure Start centres for young people, and there is better provision for the elderly. That is only possible as a result of—in Halifax and elsewhere—the doubling of public investment in our future. I have to remind people that that could not have happened if we had not made the decision to invest, rather than to cut our way through the economy.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Over the last few months the Prime Minister has come up with a shopping list of announcements about creating new jobs, and he was up to it again this morning: 100,000 new jobs from big capital projects; 500,000 people in work by paying employers; 400,000 new green jobs. That is 1 million new jobs he is now promising—jobs that people desperately need when unemployment is now soaring way beyond the worst predictions. Will he tell the 2.1 million people who are now jobless exactly how many of his new jobs have been created so far?

The Prime Minister: We believe that as a result of the action that we have taken, hundreds of thousands of jobs that could have been lost are not being lost. I ask the right hon. Gentleman to wait to hear from the Chancellor, who will give him a very precise figure when he gives his Budget in a few minutes from now. As for action on employment, when the right hon. Gentleman lists the various things that we have done he is making our point. This does not happen by accident—it does not happen by chance; it is because we have taken action to create jobs that more people have not lost their jobs, as has happened in other countries.

Mr. Clegg: The answer shows exactly what the problem is. What is the point of the Prime Minister's mortgage support scheme for the jobless, to which he referred, when he cannot even get the banks to join in? How many jobs is he going to create from a subsidy for cars that have not even been invented yet? These are meaningless headlines that serve as a health warning for the Budget, because this is a Prime Minister who makes promises but does not deliver and who raises hopes without giving real help. He should just come clean—he promised 1 million new jobs, so do they exist today, yes or no?

The Prime Minister: On the home owners protection scheme, I just have to correct the right hon. Gentleman. Many companies have joined that scheme and many companies are now agreeing to have similar schemes to the Government's, so the idea that we have not acted on this is wrong. First, there is protection for people who have become unemployed and it is at a far higher level than ever before. Secondly, we have agreed with the building societies and banks a moratorium on mortgage repossessions. Thirdly, we have changed the rules that govern court action so that it is a last resort. Fourthly, we have underpinned some of the major building societies so that they can keep people in their homes and people will not suffer the fate of what happened in the previous recession.

As far as jobs are concerned, I ask the right hon. Gentleman to await the Chancellor's remarks, both on green technologies and cars and on employment generally. I believe that the Chancellor will answer many of the questions that the right hon. Gentleman has put.

Hugh Bayley (City of York) (Lab): Following the success at the G20 in recapitalising the International Monetary Fund, will my right hon. Friend tell me what plans our Government have for the spring meetings of the IMF and the World Bank in respect of protecting poor people in poor countries from the global recession?

The Prime Minister: We did agree at the meetings of the IMF and World Bank that more action would be taken to help the poorest of the world. The president of the World Bank has proposed a vulnerability fund, and we have said at the G20 meeting that £50 billion more will be available, in order to help restructure the banks in some of the developing countries and to help people with food, education and health. I have said before that this is not the time to walk away from our responsibilities to the poor of the world.

Q2. [269361] **Simon Hughes** (North Southwark and Bermondsey) (LD): The Prime Minister has taken a personal interest in Sri Lanka. Yesterday, the Red Cross described the position there as "catastrophic", and tens of thousands of Tamils have died there in the past 25 years. Can he give the House an assurance that in the days ahead he will put on the agenda of the Commonwealth, the United Nations and the European Union Foreign Ministers meeting on Monday proposals that might bring a ceasefire immediately and allow not just relief, but independent monitoring of

what is going on, so that the bereavement, the death, the injury and the homelessness of those poor people can end before there are any more victims?

The Prime Minister: Many Members of this House are very concerned and dismayed by events in Sri Lanka. The Foreign Secretary and I are doing what we can to impress on the Sri Lankan Government not only the need for humanitarian aid now, but the need to press forward with a political settlement, which is the only way forward to deal with the problems that we have faced. I spoke to the President of Sri Lanka earlier this week and I have followed up meetings that we have had previously. I asked him to extend the pause in respect of the ceasefire. I also asked him for humanitarian access to those refugees who have come out, are in difficulty and need help—I have said that the UN should have full access. I also asked whether he would receive a delegation from the United Kingdom, so that we could assess what humanitarian help was available and should be made available. We have had further discussions over the past few days, and I believe that the President will now be prepared to accept a humanitarian delegation, on a cross-party basis, from the United Kingdom. To prepare the way, a Department for International Development Minister will go to Sri Lanka later this week. We will impress on its Government the need not only for humanitarian help, but for a ceasefire and a political solution to these problems.

Q3. [269362] **Martin Linton** (Battersea) (Lab): The Government have persistently called for an investigation into allegations of war crimes by all combatants in the Gaza conflict. As Israel has now announced that it will not co-operate with an inquiry by the Human Rights Council of the United Nations, and as no one will be satisfied with an inquiry by the Israeli defence force alone, will the Prime Minister support calls for an independent inquiry, backed by the full authority of the UN Security Council, so that we can learn the truth of what happened in Gaza?

The Prime Minister: We did press the Israeli Government to investigate fully the allegations made against Israeli forces. The previous Prime Minister, Olmert, agreed that that would be done. I have offered the UN Secretary-General full support in his call for an inquiry into the shelling of UN premises in Gaza. All allegations of war crimes must be properly investigated. In addition, I think it important to say that some £50 million in humanitarian aid is now going to Gaza as a result of decisions by the Secretary of State for International Development. People will also be heartened by the fact that the President of the US has asked the President of the Palestinian organisation and the Prime Minister of Israel to visit him in Washington to discuss matters of peace over the next few weeks.

Nadine Dorries (Mid-Bedfordshire) (Con): Would the Prime Minister like to take this opportunity to apologise to me for what happened?

The Prime Minister: Yes, and I have said sorry that this has happened. I have also written to the hon. Lady personally. We should all say that what happened has no part to play in the politics of this country. It is wholly inappropriate and unacceptable, and that is why there will be new rules and procedures to govern the behaviour of political advisers.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): What comfort can the Prime Minister give to my constituents who work for the Ford appendage called Visteon and who have been made redundant in a contrived administration? People have been thrown out of jobs and pensions have been lost. The same has happened to constituents who worked for Nortel.

The Prime Minister: The car industry, including component suppliers, is important to this country. There are meetings taking place with the companies concerned and we are doing everything we can to help the car industry through this difficult period. I would be happy to meet my hon. Friend to discuss those particular problems.

Q4. [269363] **Margaret Moran** (Luton, South) (Lab): Will the Prime Minister take this opportunity to congratulate Luton Town football club on its magnificent victory at Wembley recently? *[Interruption.]*

Mr. Speaker: Order. The hon. Lady must be heard.

Margaret Moran: It was one in the eye for the football authorities and a great boost for Luton. Is my right hon. Friend aware of another boost for Luton and hard-pressed families in mortgage difficulties, far few of whom are losing their homes as a result of our comprehensive support package? That is in sharp contrast to the Tory days when Luton became the repossession and mortgage misery capital of the country.

The Prime Minister: I applaud my hon. Friend for her representation of Luton. It is true that Luton won the final and I am pleased that that has happened. The team will be back in the league soon as a result of the efforts made by good local people.

On housing, we will invest in helping people to avoid repossessions. That is what this Government are about—helping people in times of need. But we need to make the decision to invest to be able to do so, and that is what we will do—invest, not cut.

Greg Mulholland (Leeds, North-West) (LD): Will the Prime Minister take this opportunity to explain why on earth he is proposing a system of daily allowances instead of an allowance system that is based on actual receipts and need? Apart from sidelining this House again, the proposal is frankly another example of what the public would regard as snouts in the trough, with people claiming money for absolutely nothing. Is not the real reason for bringing forward these rushed and ill thought through proposals the fact that he does not have the courage to sack Ministers who have been abusing the system?

The Prime Minister: This is a decision for the House itself. The one thing that is absolutely clear is that the present system does not work. The one thing that is absolutely clear is that the present system needs to be changed, and the one thing that is clear is that action has got to be taken immediately. If other people have better proposals, let them put them forward. We are putting forward proposals that deal with the problem, and deal with it now.

Q5. [269364] **Mr. Michael Clapham** (Barnsley, West and Penistone) (Lab): The Prime Minister will be aware that the Information Commissioner recently found concrete evidence that blacklisting was widespread in the construction industry. Given that there was a consultation exercise in 2003, does he agree that it is now time to bring in the regulations to prohibit blacklisting, rather than—and before—going to a further consultation?

The Prime Minister: I am, as are the whole Government, very concerned by the evidence uncovered by the Information Commissioner about the re-emergence of blacklisting in the construction industry. In 1999, we established a power to introduce regulations to outlaw blacklisting, and we also consulted on draft regulations in 2003. Evidence at that time suggested that blacklisting had been eradicated but, given that there is new evidence that that is not the case, we are looking urgently at what we can do. We will assess whether the 2003 regulations, amended as necessary, should now be introduced to the House of Commons.

Q6. [269365] **Paul Rowen** (Rochdale) (LD): At their Easter conferences, two teachers' unions passed motions expressing concern about the presence and safety of asbestos in schools. Would the Prime Minister be prepared to meet me and a delegation from those unions to discuss how those concerns might be allayed?

The Prime Minister: Asbestos is a killer disease. It is something that we are trying to eradicate from this country. I would be very happy to meet the delegation that the hon. Gentleman suggests.

Q7. [269366] **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): Is the Prime Minister aware that the main Barnsley college campus building was demolished recently, ahead of a £50 million redevelopment scheme that has been put on hold? The Learning and Skills Council sanctioned the college borrowing £10 million in advance of the project going ahead. Will my right hon. Friend agree to meet me and my two Barnsley colleagues as well as the college principal, Colin Booth, to discuss this issue as a matter of serious urgency?

The Prime Minister: Yes, I will, and I hope that we can deal with the legitimate concerns of him and his Barnsley college staff about how we can enhance the investments available to further education colleges. I have said before that further education colleges have got more money this year for new investment. There is a great demand for it. The Chancellor has been looking at the matter and obviously will report in due course about what he can do. However, I fully sympathise with the points that my hon. Friend has made about the position of Barnsley college.

Q8. [269367] **Mr. Angus MacNeil** (Na h-Eileanan an Iar) (SNP): The Prime Minister has said that we cannot cut our way out of a recession. Why is he foisting billions of pounds' worth of cuts on Scotland?

The Prime Minister: We are not. Scotland has received £2 billion more as a result of the injection of money into the economy, from the rise in pensions and child benefits, and from the cut in VAT and the rise in tax allowances. All that money—£2 billion in total—has gone to Scotland. If the hon. Gentleman does not understand that that is what is happening, he is living in the dream world of the Scottish National party.

Q9. [269368] **Clive Efford** (Eltham) (Lab): Will my right hon. Friend join me in congratulating my local authority, Greenwich council? It has frozen its council tax for the fifth time in the last 11 years; it has frozen most of its charges; it is providing free swimming for pensioners and under-16s; and it is providing funding so that pensioners and disabled people can use London transport at all times. Is that not an example of fairness and efficiency from Labour during these difficult times?

The Prime Minister: Our duty to people in these difficult times is to invest in the future, and not to cut. Our duty is to be fair to other people, and not to be unfair. *[Interruption.]* It is all very well the Conservatives shouting; half the time in Question Times they are doing nothing—not even standing up to ask questions. I think that they are proving that some of them are part-time Members of this House.

Ways and Means

Financial Statement

Mr. Deputy Speaker (Sir Alan Haselhurst): Before I call the Chancellor of the Exchequer, it may be for the convenience of hon. Members if I remind them that at the end of the Chancellor's speech, copies of the Budget resolutions will be available to them in the Vote Office.

12.31 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): Today's Budget will continue to help people through this global recession, and prepare Britain for the opportunities of the future. First, there will be help now to get people back into work quickly, and to support businesses and home owners facing problems. Secondly, there will be measures to support investment in growth and green industries of the future while the recovery takes hold, and to ensure that our public finances are sustainable. We will protect investment in schools, hospitals and other key public services, and we will work to rebuild our financial services. Taken together, the measures in this Budget will build on the strengths of the British economy and its people and speed the recovery, providing jobs and spreading prosperity. In all of these decisions, we have been guided by our core values of fairness and opportunity, and our determination to invest and grow our way out of recession.

Today's Budget will take Britain through the most serious global economic turmoil for over 60 years. The impact is being felt in every continent, every country and every community. When the world economy was plunged into a deep crisis in the 1930s, the response, both nationally and internationally, was too little and too late. That failure to act turned a serious downturn into a prolonged depression. We will not repeat those mistakes again. This time, we and other countries have worked to avoid them. Across the globe, we have seen decisive action by national Governments, and internationally, too. This action, taken promptly and decisively, gives us good grounds for confidence.

Today's Budget builds on the substantial help for people and businesses that I announced in the pre-Budget report last November. It builds on the steps that we have taken to recapitalise and restore confidence in our financial institutions, and it builds on the outcome of the G20 summit in London this month, when the world's leading economies came together to agree an unprecedented co-ordinated action to speed global recovery. The action already taken here and internationally, and the measures that I will announce today, mean that I expect the economy to start growing again towards the end of this year. I am also confident that as the global economy recovers to double in size over the next 20 years, Britain can and will be a world leader. This Budget will help make sure that we seize this opportunity.

As I told the House in November, we and other countries have been battling against a succession of shocks that have hit the world economy. At the end of 2007, problems in the international mortgage markets began to put a damaging squeeze on credit. In early 2008, we also saw dramatic volatility in many commodities prices, adding to uncertainty and putting pressure on growth. Last autumn, the dramatic failure of one of the top investment banks in America—Lehman Brothers—shattered already fragile confidence and brought the international financial system to its knees.

Since then, an extraordinary international financial crisis has fed into the wider economy, causing a steep and widespread world recession. A crisis that started in the developed economies has spread to emerging and developing countries too. Industrial production has fallen and unemployment is rising, by 5 million in the United States alone. In the past few months, world trade fell, and while our exports are down 14 per cent., exports in Germany are down 21 per cent., in China 26 per cent., and in Japan 45 per cent. So for the first time since the second world war, the world economy is expected to contract this year.

In the past few months we have seen considerable economic uncertainty, and that has fully justified the action we, and other countries, have taken to support businesses and people. Since the autumn, we have put the banks on a stronger footing, cleaning up their balance sheets and helping to boost bank lending. As a result, banks will be able to lend billions of pounds more this year and next to homebuyers and businesses. Getting credit flowing again is the essential precondition for economic recovery.

In the pre-Budget report, I announced a range of measures to help the country through the recession, putting £20 billion back into the economy. That help is coming through now, from an income tax cut, and a VAT reduction that will continue until December. There is increased support for pensioners, as well as investment in vital public services and accelerated capital projects, which is protecting thousands of jobs in this country. Because of the reforms we have made to the welfare system since 1997, that comes on top of extra help when families need it most.

I fully understand the anxiety behind calls to support those whose wages have fallen. This is exactly the support that our flexible system can offer, and is already offering. As shorter working weeks or irregular patterns reduce wages, those receiving tax credits can see an automatic increase to compensate for the loss of income. In March alone, for example, 355,000 families were receiving on average £35 a week more to support them, through tax credits—all the more reason why we need to keep tax credits and not scrap them. This demonstrates how our welfare system automatically helps people when they need it most.

Fiscal support has been complemented, too, with sharp reductions in interest rates by central banks right across the world. The Bank of England interest rate is now down to half a per cent., the lowest it has ever been. That has reduced the cost of mortgages and loans. The average saving, since October, for the 4½ million families with tracker mortgages, is over £230 a month. And we have now given the Bank of England new means to support the flow of credit and put money into the economy. Inflation has come down, which means that people's income will go further.

Taken together, the total support that we have provided to the UK economy is expected to protect up to half a million jobs. Other Governments across the world have been doing the same. The total amount of fiscal support across the G20 will amount to over $5 trillion.

There has also been unprecedented co-ordinated action at an international level. The G20 group of economies came together, first in November and then in London earlier this month, to fight this global recession. We agreed to take whatever action was necessary to deliver the International Monetary Fund forecast of global growth of over 2 per cent. by the end of next year. In total, we agreed over $1 trillion of additional support for the world economy.

There are no quick fixes; there is no overnight solution—but because of the progress we have made, here and internationally, we can begin to restore confidence, save jobs, and bring the world economy more quickly out of recession. Of course, we must make sure we deliver on these agreements, starting at the meeting of Finance Ministers in Washington this week. I want the next meeting of European Union Finance Ministers to be focused on rebuilding growth in Europe, based on the foundations laid by the G20 in London. But we also need a clear path to recovery here—both fiscally and by investing to build Britain's future.

The UK went into this global recession with employment at an all-time high, and inflation, public debt and interest rates at low levels. But no country can insulate itself from this worldwide downturn. The position here, as in every country, deteriorated in the autumn. In the last few months, world trade fell at the sharpest rate since 1945, and, as an open economy, we are the world's sixth biggest exporter of goods and the second largest exporter of services, and we are affected by the collapse in demand in other countries. The unexpected severity of the recession has led the IMF to downgrade its own forecasts for the world economy three times since October. We, as well as other countries as diverse as Japan and France, India and the US, have reduced our growth estimates.

The United Kingdom economy contracted by 1.6 per cent in the last quarter of 2008. For the first quarter of this year, I expect the economy will again contract by a similar amount. And my forecast for GDP growth for the year as a whole will be minus 3½ per cent.—in line with other independent forecasts. But because of our underlying strength, and the measures we are taking domestically and internationally, I expect to see growth resume towards the end of the year. The IMF forecasts published today confirm the problems that all countries will face this year. But they also show that the British economy will suffer less than Germany, less than Japan, less than Italy and less than the euro area as a whole this year. The British economy is diverse, it is flexible and it is resilient, which is why I believe we can be confident in recovery.

Next year, because of the pick-up in world demand, the continuing benefit of lower prices and the substantial recovery measures being put in place, I am forecasting growth of 1¼ per cent. in 2010. In future, the sources of our growth will be more varied—and we need to ensure that we play to our country's strengths. It will increasingly come from an expansion in investment by businesses in the industries of the future, such as low-carbon, advanced manufacturing and communications. These industries, together, are as important to the British economy as the financial services sector. That is why it has been so important that, for example, we have increased investment in Britain's science base by 88 per cent. in real terms over the last 10 years. Growth will also be driven by the opportunities to export as the global economy doubles in size in the next two decades.

From 2011, I am forecasting that the economy will continue to recover, with growth of 3½ per cent. from then on. To account for the impact of the global shock, I have further adjusted trend output—the productive potential of the economy. But in future years, the economy will recover towards a trend rate of growth of 2¾ per cent. Inflation is expected to continue coming down sharply, reaching 1 per cent by the end of this year. I am writing to the Governor of the Bank of England, in the usual way, to confirm that the inflation target remains unchanged at 2 per cent. Retail prices index inflation is forecast to remain negative, falling to minus 3 per cent. by September, before moving back to zero next year.

The deepening global recession has had an impact on the public finances here and in every country across the world, and in this Budget, I will set out steps to ensure that they are on a sustainable path. And owing to the measures that I will announce today, the current deficit is expected to halve within four years. But before I turn to that, I want to set out the additional help we will give to people and businesses to get through the recession—and build towards recovery.

We know from previous recessions that people's greatest fears are the loss of their job and their family home. All over the world, as the economy slows, unemployment is rising. In the UK, the claimant count increased in February by 137,000. Today's figures show that in March it went up by 74,000—making the total claimant unemployment rate 4.5 per cent. It is not in any Government's power to prevent all job losses, and, even when the recovery is under way, it will take time for unemployment to start falling. But Governments must give people targeted help to find new jobs as quickly as possible and, where necessary, to gain the new skills which will allow them to do this. This is not just morally the right thing to do, but economically essential. All the evidence shows that the longer people are out of work, the more difficult it becomes for them to re-enter the labour market. So today I will announce steps to ensure that a short-term job loss does not turn into a lifetime on benefits.

The core of the Government's approach is the Jobcentre Plus network; its help has almost halved the average time that people spend out of work compared with previous recessions. Even in the tough economic conditions since November, it has helped over a million people move back into new employment. I am determined that this support can continue to be given to people who lose their jobs. In November, I increased resources for the Jobcentre Plus network and the new deal by £1.3 billion. I can announce today an additional £1.7 billion worth of funding, so that everyone can receive the high-level and high-quality support to which they are entitled.

Most people, even now, continue to find work within a matter of weeks, but we need to step up help to those who have greater difficulty in getting back into the labour market. So there will be additional support, through the flexible new deal, for people who have been out of work for 12 months. I am also determined that we do even more to protect young people from the damaging impact of long-term unemployment. The

[Mr. Alistair Darling]

alternative is a return to the days when a whole generation of young people found themselves abandoned to a future on the scrap heap. We will not repeat that mistake.

So I want to offer a guarantee. From January, everyone under the age of 25 who has been out of work for 12 months will be offered a job or a place in training. Those in work will receive a wage; those in training will receive additional money on top of their benefits. To provide these extra opportunities, we are working with employers to create or support as many as 250,000 jobs. That will include delivering local services and traineeships in social care and other high-demand sectors, as well as jobs for people of all ages in particularly badly hit communities.

I also want to do more to help people gain the crucial skills that will be needed in the future. So, as part of my guarantee to young people, I will spend over £260 million of new money for training and subsidies, to help them get the skills or experience that they need in sectors with strong future demand. We will also provide extra investment to ensure that we deliver on our guarantee for every 16 and 17-year-old who wants to stay in education or training, to make sure that they can do so. To deliver that, for the next two years I am providing a further £250 million this year and £400 million in 2010-11. That will allow an additional 54,000 places in sixth forms and further education colleges for students in the next academic year. For this and other measures, there will be consequential provisions, where appropriate, for Scotland, Wales and Northern Ireland.

I will shortly set out long-term measures for housing and for businesses to help build the recovery, but first I want to set out how we can offer more support now in these areas. One of the biggest fears when people lose their jobs is that they and their families will lose their homes, and I want to do more to reduce the number of repossessions. Last year, I increased and extended the support for the mortgage interest scheme, which covers mortgage interest payments when people lose their jobs. Today I can announce that I will maintain the higher level of support for a further six months to help home owners as long as they look for a new job. That is in addition to the scheme to help people stay in their homes if their income falls.

The housing market is also being held back by a lack of mortgage credit, and the Government have already taken action to encourage an increase in mortgage lending; this year the major UK banks will increase the availability of mortgages by around £20 billion. To build on this, today I can announce the introduction, following state aid approval, of the scheme to guarantee securities backed by mortgages. That will help ease the flow of mortgage finance.

The recession and the credit crunch have made it much harder for people to take their first step on the housing ladder. This is not just difficult for those involved, but also undermines the entire housing market. So to help, I have decided to extend the stamp duty holiday on properties sold for less than £175,000 until the end of the year. Sixty per cent. of residential properties will continue to be exempt, which will encourage modest and middle-income home buyers. I can also announce a further £80 million extension to HomeBuy Direct, the Government shared equity mortgage scheme, which has already received interest from over 32,000 people since last September. Altogether, this is additional support for those who lose their jobs and new help for people to get on to the housing ladder.

In November I announced a series of measures to help businesses now. Over 100,000 businesses, which employ well over half a million people, have taken up the option to defer their tax bills, and I intend to continue this help. Some 800,000 smaller companies will benefit from the delay in the increase in corporation tax. Last month I announced that we would allow companies to spread out the payments of this year's uprating of business rates, but today I want to do more to help firms with cash-flow problems. Many viable companies face temporary difficulties because of the shortage of credit, so today I am extending the help which allows loss-making companies to reclaim taxes on profits made in the last three years. This help, which will lead on average to repayments worth £4,000 each year, will now be available for two years until November 2010, and well over 100,000 businesses will have their full current losses entirely wiped out. Today I can also announce additional targeted support for companies' cash flow, with a top-up trade credit insurance scheme, which will match private sector trade credit insurance provision if insurers reduce their cover to businesses operating in the United Kingdom.

I also want to help the UK's automotive industry, which has been one of Britain's success stories over the last decade. But the loss of consumer confidence and the credit crunch have led to a sharp fall in vehicle sales around the world. In order to help the car industry and retail trade, I can announce that we will implement a scrappage scheme next month. It will provide motorists with a £2,000 discount on new cars bought when they trade in cars over 10 years old. It will be a time-limited scheme until March 2010. My right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform will announce further details shortly.

We have made our choice to help those who have lost their jobs to find work quickly and, if needed, to learn skills. We are acting decisively to prevent a new generation of young people from becoming a lost generation. We are offering real support to home owners, and to businesses, through this unprecedented economic crisis. We could have decided to do nothing—but we chose to act, because that is the right thing to do. By doing so, we have not just protected people but will also reduce the length and the severity of this recession, lessening the impact on our public finances in the medium term.

I now turn to the public finances and the action that I will take to put them on a sustainable footing in the medium and long term. As I told the House in November, tax revenues were falling. The financial sector, which provided 27 per cent. of corporate tax revenues, was already badly hit then. But since then, with the recession spreading across almost every sector, the wider tax take has also come down sharply. Corporation tax and income tax revenues have fallen. The problems in the housing market have meant a dramatic reduction in stamp duty. In the UK, tax as a share of GDP is 1.2 percentage points lower now than it was a year ago. Here and across the world, tax revenues are down, and it will take some years before they come back up. At the same time, our reformed welfare state is rightly providing support to families, but of course it does come at an added cost

to the Exchequer. Many countries have also intervened to strengthen their banking system, as we have. My public finances forecasts today include a provisional estimate for the potential cost of this, which totals 3½ per cent. of our GDP.

Around the world, fiscal deficits and Government debt have been rising sharply to levels not seen since the second world war. This is a response to an unprecedented financial crisis and a deep and widespread global recession. Allowing borrowing to rise—protecting services, helping people and businesses—is the right thing to do. The alternative—to take money out of the economy now, as some have suggested—would damage key public services, create more unemployment, lengthen the downturn and lead, in the end, to higher, not lower, debt. This Government, as well as others, have learned from the historic economic mistakes of the inter-war period that countries cannot deflate their way out of recession.

Taken together, my Budget measures today represent a fiscal easing of half a per cent. of GDP this year, followed by a tightening of 0.8 per cent. of GDP each year until 2013-14. I believe this is a sensible pathway to sustainable public finances. It will mean, as I have said, that the budget deficit will be halved in the next four years. At this stage, when there is so much uncertainty, to do so more quickly would prevent us from helping people now, choke off recovery, and stop us investing in the future.

Many countries, as a result of their action to support the economy, have seen higher deficits. In the United States, for example, the Congressional Budget Office expects the deficit to be 13 per cent. of GDP in 2009, 10 per cent. in 2010, and even in 2019, to be above 5 per cent. Our own figures for public sector net borrowing will be £175 billion this year, or some 12 per cent. of GDP. From 2010, as the economy starts to recover, and the measures announced in November and today take effect, borrowing will fall to £173 billion, then £140 billion, £118 billion, and then £97 billion. As a share of GDP, our borrowing will be 11.9 per cent. of GDP next year, and then, as we move towards balance, 9.1 per cent. in 2011-12, then 7.2 per cent., and then 5.5 per cent. in 2013-14.

This downturn will inevitably mean sharp increases in national debt relative to GDP. UK net debt, which includes the cost of stabilising the banking system, will, as a share of GDP, increase from 59 per cent. this year, to 68 per cent. next, then 74 per cent. in 2011-12, 78 per cent., and then 79 per cent. in 2013-14. It will stabilise and then begin to fall from 2015-16. In countries across the world, because of this economic crisis, it will take far longer for deficits to come back into balance. But because of the steps we are taking, I expect the underlying current budget to come back into balance two years later.

We need to help people now. We need to maintain key public services now. We need to invest in the future, but we also need to make sure that we maintain public finances on a sustainable footing. Indeed, this is the best way to drive up economic growth, which, in turn, is the best way to bring down borrowing and rebalance the public finances. We must to this within a time scale that does not damage the recovery. This will require tough decisions, but I am determined that they will be fair decisions.

It cannot be fair that those who should pay tax are allowed to avoid it. Over the last decade, we have taken a number of measures that have reduced tax evasion and avoidance—on average, reducing avoidance by over £1 billion a year. I intend to build on this today. We have identified loopholes and schemes which, when closed, will result in £1 billion of extra revenue over the next three years.

In this Budget, there will be new measures to help pensioners and savers on middle and modest incomes. It is important that everyone is encouraged to save for their retirement, and we will continue to support them to do so. But I intend to address an anomaly which sees a tiny proportion at the top taking a large slice of the help we give people to help to save. It is difficult to justify how a quarter of all the money the country spends on pensions tax relief goes, as now, to the top 1½ per cent of earners. So from April 2011, I will restrict pension tax relief for those with incomes over £150,000 so that it is gradually tapered to the same 20 per cent. that the majority of people receive. We will consult on its implementation. I am introducing measures from today to prevent forestalling, but again only those with incomes over £150,000 will be affected.

I am not proposing to increase taxes on income for this year. However, as the economy recovers and wages start to grow again, it is right that we take additional steps. I believe that it is fair that those who have gained the most should contribute more. Only those with incomes over £100,000 a year—or 2 per cent. of the population—will be affected. In November, I announced a new rate of income tax of 45 per cent. on incomes above £150,000—the top 1 per cent. of taxpayers. In order to help pay for additional support for people now and to invest in the future, I have decided that the new rate will be 50 per cent., and will come in from April next year—a year earlier.

In November, I also announced that I was reducing personal allowances for the very highest earners with incomes over £100,000. These allowances are worth twice as much as those of basic rate taxpayers. I have now decided to withdraw fully the benefit of that allowance for those with incomes over £100,000 from next April. These measures are necessary to build our recovery and secure our country's economic future.

Along with other measures, including for landfill, company cars and gaming, I can also announce the following. I will continue to monitor oil prices, but I expect that fuel duty will increase by 2p per litre in September, and then by 1p a litre above indexation each April for the next four years. Alcohol duties will go up by 2 per cent. from midnight tonight, and there will be an increase in tobacco duty of 2 per cent. from 6 o'clock this evening. Taken together, these measures will raise over £6 billion by 2012, to secure our economic future and to provide help for people now when they need it most.

The importance of our public services, on which we all depend, becomes even clearer in these difficult times. We have made our choice to continue investing in our public services, which underpin the health and strength of our nation now and in the future. In the past 10 years, that investment has seen an extra 40,000 doctors, 41,000 teachers and over 70,000 nurses. But just as every family

[Mr. Alistair Darling]

are looking closely at their own budget to ensure that they get the best value for money, so too should the Government.

Since 2004, the Government have identified and made £26.5 billion in efficiency savings while continuing to invest to improve schools, hospitals and other public services. In November, I announced plans to find an extra £5 billion of efficiency savings in 2010-11, on top of the £30 billion in this spending review period. Some have argued that we should cut public services immediately, rather than invest and grow our way out of the recession. I believe that would be the wrong thing to do. I can confirm that we are able to secure these savings that year while increasing investment, as planned, for local health services by over 5 per cent. and for schools by over 4 per cent.

Yesterday, we published the reports of the five independent reviews I set up last year. They have identified extra efficiencies from 2011 that rise to a further £9 billion of additional savings a year by 2013-14. They include efficiencies in public sector back-office functions and IT, improved procurement and better collaboration, and innovation at a local level. This will allow us to protect front-line services, while keeping current spending growth, in real terms, at an average of 0.7 per cent a year from 2011-12 onwards.

Capital spending is equally important to the future of our country. Over the past five years, this investment has transformed services. There are 61 major hospital schemes, 140 new schools and improved transport links including the modernisation of the west coast main line. It is essential to help create jobs, boost the recovery and deliver economic success in the long term. I intend that capital investment will continue at historically high levels to 2012, as we prepare for the Olympic games in Britain. After that, public sector net investment will be at 1¼ per cent. of GDP by 2013-14, twice as high as it was in 1997. Indeed, the efficiency savings we are making will help us direct more money to continue to support investment that everyone in this country depends on. We have set ourselves a central goal of realising up to £16 billion of property and other asset sales in the three years from 2011-12, with the proceeds raised being used for new capital investment.

As a result of the measures I have announced today, I can afford to make further investment in the future of this country. These funds will be invested now, to help ensure we seize the opportunities that will come from a world economy that is expected to double in size. I have already announced today £3 billion-worth of extra support to help people find work quickly, with a new guarantee for young people. There will also be £1 billion to help us combat climate change, by supporting low-carbon industries and green collar jobs. There is close to £1 billion to help home owners, meet future housing supply and allow the construction industry to recover quickly, and there is £2.5 billion for business, to encourage investment in the industries and high-paid, high-skilled jobs of the future—sectors such as advanced manufacturing, the creative industries and the low-carbon technologies: all essential if we are to prepare for the future.

A successful economy needs a strong financial sector. We do not want to throw away the many advantages that come from our position as a world centre for finance. I intend that we retain that position. Hundreds of thousands of jobs across the United Kingdom depend on it. We need to build trust in the banking system and harness the strengths of the financial services sector for the benefit of society. Crucial to that is financial regulation. I will publish shortly a Treasury paper with my recommendations for wide-ranging reform. It will propose action to reform corporate governance and remuneration at banks to avoid undue risk taking; to improve the regulation of capital and liquidity, so banks do not over-extend themselves; to increase transparency to achieve a single set of accounting rules so that we can see the risks that banks are taking; as well as to regulate all important institutions including hedge funds. It will also propose action to reduce the impact of the failure of financial firms. It will protect and support consumers and improve efficiency and competition in the financial markets as well as strengthening regulators' powers. All these steps will, in turn, complement the agreement that we reached in London earlier this month to restore trust in the global financial system.

Strengthening the banking system is crucial to the recovery and to the economy, but the strength of our economy and the health of our society also depend on meeting the long-term demand for housing in this country. I have two measures that will help achieve that. First, we want to work with the industry to help tackle the restraints that house builders say could prevent them from acting now to increase housing supply. This will give construction firms more certainty and help them meet housing demand more effectively. Secondly, lack of finance now is affecting house builders and preventing the long-term investment that we need. So today I can announce £500 million of extra financial support. This will kick-start building on housing projects that have been stalled because of the credit crunch, and will deliver thousands of new homes. As part of that support, we are providing £100 million for local authorities to build new energy-efficient housing.

I have one further announcement to make about housing for one particular group. The whole country and the House are united in admiration for the courage and professionalism of our armed forces, but I want to ensure that that admiration is reflected in the quality of their accommodation, so I am bringing forward £50 million to accelerate the modernisation programme for that housing to ensure that this happens.

Let me turn next to the targeted help for business, which will help build on the strengths of our economy. A sustained and strong recovery depends on companies of all sizes making the most of the new global opportunities that await them. A more competitive exchange rate will help exporters, but it is also vital to our recovery that Britain and other countries remain open to free trade. It is essential that the Export Credits Guarantee Department gives businesses the support that they need, and I intend to report back shortly on how the support can be improved.

I have a number of proposals to encourage investment. There is, at the moment, less incentive to explore and extract oil from the North sea because of prevailing prices. So I am bringing forward incentives to encourage smaller fields to be brought into production, which could lead to an extra 2 billion barrels of oil and gas that would otherwise remain under the North sea. The incentives will also remove fiscal barriers, so that the

North sea can become a hub for energy of the future—gas storage, carbon capture and offshore wind. I want to say more about that shortly.

I want other industries to invest, too. Businesses already benefit significantly from the annual £50,000 investment allowance, which was announced two years ago. I want to go further to promote investment now. So for this year, I will double the main capital allowance rate to 40 per cent. That will encourage firms to bring forward investment, in particular those companies in the growth sectors that will deliver the rewarding jobs of the future. It will mean enhanced tax relief to support investment of up to £50 billion this year. That includes £10 billion of investment in the vital communications sector.

It is vital as well to ensure that the entire country and economy benefit from the digital age. So I am allocating extra funding for digital investment to help extend the broadband network to almost every community. That will allow us to deliver the vision set out in the "Digital Britain" report—making sure that everyone can benefit from this communications revolution and creating thousands of skilled jobs.

Next, Government can and should do more to buttress the strength and capability that we need for our economic future. On Monday, the Government published a new industrial framework, the aim of which was to remove the barriers holding back innovative and fast-growing companies and to help markets work better.

To support that industrial activity and strategy, I can announce the setting up of a £750 million investment fund to help the country seize the opportunities ahead. The new fund will provide financial support, focusing on emerging technologies and regionally important sectors in, for example, advanced manufacturing, digital and biotechnology. It will encourage exports, support inward investment, promote research and development and harness commercially our world-class science base. It will complement the two new city region pilots in Manchester and Leeds, which will also have a major role in promoting economic investment.

Green technology will be one of the great growth sectors in the world economy in the next few years. In preparing for the future, Britain's economic recovery must be sustainable and protect the environment. These efforts also have the potential to create thousands of high-tech businesses and hundreds of thousands of high-skilled jobs.

Climate change is one of the biggest challenges our world faces—and we in Britain are setting the lead. We are ahead of every other major developed country in progress against our Kyoto targets. Today, I am presenting the world's first ever carbon budget, which commits this country to cutting its carbon emissions by 34 per cent. by 2020. Those budgets will give industry the certainty needed to develop and use low-carbon technology—cutting emissions and creating new businesses and jobs. They are a landmark step, which point the way to the vital decisions that must be made at the Copenhagen climate change summit later this year.

Saving energy is the easiest and cheapest way to cut carbon emissions—and it also saves people and business money. Over the past 12 months, we have helped around 1 million homes improve central heating or insulation. Today, I can announce £435 million of extra support to develop energy efficiency measures for homes, businesses and public buildings.

As well as saving energy, we need cleaner energy. We must build on Britain's status as a world leader in offshore power generation. However, I am aware that the credit squeeze is holding back major offshore wind projects. I want to lift the barriers—through £525 million of new financial support over the next two years for offshore wind, funded through the renewables obligation. The potential is enormous and I am confident that this will lead to major projects getting the go-ahead quickly, providing enough electricity to meet the needs of up to 3 million households. We need to support all forms of renewable energy. I can also announce that renewable and other energy projects in the UK stand to benefit from up to £4 billion of new capital from the European Investment Bank.

Coal, oil and gas will continue to be major sources of energy for the foreseeable future. Clean technologies, such as carbon capture and storage, are vital to ensure that we can produce power from those sources without damaging the environment. I am determined that this country's research and technological expertise is used to make us world leaders in this area as well. So I can announce that a new funding mechanism will be used to finance at least two, and up to four demonstration projects. The new generation of power plants could be even more efficient by using the heat produced in the generation of power. To encourage the use of combined heat and power technology, I will exempt those projects from the climate change levy from 2013, which will bring forward over £2.5 billion in investment.

I can also announce that, through £405 million of new funding, we will encourage low-carbon energy and advanced green manufacturing in Britain to drive up the application of new technology as well as to invest in small-scale projects. In particular, that will help us strengthen the supply chain right across these sectors and build on the expertise that we have in this country.

On the back of the discovery of oil and gas in the North sea, we became a world leader in every aspect of oil technology and industry. I am determined that we will replicate this success across the renewable energy and low carbon sectors. The steps that we are taking today will help make sure that we meet this ambition. They will also protect our planet and ensure the country's economic future.

The measures that I have announced today underline our vision of a confident and successful Britain. They offer support for people when they need it, but also hope for the future. They put in place the vital building blocks for recovery and the economic long-term success that we need. Everything that we have done—whether supporting families now, maintaining investment in our public services and putting the nation's finances on a stable path—is based on our values of fairness and opportunity. Even at this time of global difficulty, we are determined to continue building a fairer society.

In November, I provided help for families and pensioners. Today, I want to do more. Twenty-two million people on middle incomes have seen their income tax go down this month. There is help for millions of families, too—with the child tax credit up by £75 this month and the increase in child benefit paid early. Today I can announce additional targeted measures.

[Mr. Alistair Darling]

The Government are determined to eradicate child poverty, so, first, I can announce that, from April next year, the child element of the child tax credit will increase by £20. Secondly, children with disabilities need extra help to make the most of their potential, so we will add an extra £100 a year to their child trust fund. For those with severe disabilities, it will be an extra £200 each year. Thirdly, I can announce an increase in statutory redundancy pay from £350 to £380 a week.

I have one further measure, which will help a small number of valued people in this country. Increasingly, grandparents play a big role in family life in looking after grandchildren. To reflect that, we will, for the first time, ensure that those caring responsibilities of grandparents of working age will count towards their entitlement to the basic state pension.

I want also to announce further help for pensioners and savers. Earlier this month, pensioners on modest incomes got the biggest ever increase in pension credit while the basic state pension increased by £4.55 a week. I want to reaffirm today our commitment to increasing the basic state pension by at least 2.5 per cent. So if retail prices index inflation this September is below zero, as we expect, pensioners can be confident that their pensions will rise in real terms.

Last year, because of the steep increase in energy prices, I brought in a one-off increase in the winter fuel allowance. Energy prices are now expected to come down, but to help pensioners even more, I intend to maintain the allowance at the higher level for another year. That is worth £250 for the over-60s and £400 for the over-80s.

The fall in interest rates has been a welcome benefit to the economy and to millions of home owners whose mortgage costs have come down, but this has also reduced the amount of interest paid out on savings, and has particularly hit pensioners who rely on this extra money. There are more than 5½ million pensioner households in this country who have modest savings of less than £10,000, and I want to help them. For over a decade, the capital disregard on pension credit has been at £6,000 or below. It means that savings above that level reduce the amount of help that households get through the pension credit. I believe that it is now time to increase those limits, which will help compensate modest-income pensioners with limited savings. So from November of this year, the limit will be raised to £10,000. That will benefit more than 500,000 pensioners on modest incomes, who will gain by an average of £4 a week.

I have one other announcement that I want to make on savings. Tax-free individual savings accounts have been a great success. Eighteen million people have taken them out and have saved in them almost £290 billion. Since they were introduced 10 years ago, the annual limit has been increased only once and it now stands at £7,200. I want to go further, so to help savers on the 10th anniversary of ISAs, I intend to increase the total annual limits to £10,200, of which £5,100 can be saved in cash. The new limit will be introduced this year for all those aged 50 or over and will come in next year for everyone else.

Even in these difficult times, there is fair and targeted help for grandparents and pensioners and to tackle child poverty, encouraging people to save now and in the future. Every country has been hit by this global recession, but we have confidence in Britain's future and in this country's strength. You can grow your way out of recession; you cannot cut your way out of it. We have made our choice—to help people now, to build Britain's future. I commend this Budget to the House.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question put forthwith (Standing Order No. 51(2)),

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

(a) Rates of duty on alcoholic liquor (Motion No. 9);

(b) Rates of tobacco products duty (Motion No. 10);

(c) Fuel duties (rates and rebates from Spring 2009) (Motion No. 13);

(d) Amusement machine licences (amounts of duty) (Motion No. 18);

(e) Gaming participation fees (Motion No. 61).—*(Mr. Darling)*

Question agreed to.

Mr. Deputy Speaker: I shall now call upon the Chancellor of the Exchequer to move the motion entitled Amendment of the Law, and it is on this motion that the debate will take place today and on the succeeding days. The remaining motions will be put at the end of the Budget debate next week.

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Motion made, and Question proposed,

That,—

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*(Mr. Darling.)*

1.23 pm

Mr. David Cameron (Witney) (Con): Today everyone can see what an utter mess this Labour Government and this Labour Prime Minister have made of the British economy: the fastest rise in unemployment in our history, the worst recession since world war two and the worst peacetime public finances ever known. As of today, any claim that they have ever made to economic competence is dead, over, finished.

This Chancellor has just told us that he will be doubling the national debt. He is planning to borrow £348 billion over the next two years. That is more, over just two years, than every previous Government put together—not just every Government since world war two and not even every Government since world war one, but every Government since the Bank of England was first founded more than 300 years ago. This Prime Minister has certainly got himself into the history books. He has written a whole chapter in red ink: Labour's decade of debt.

The Chancellor rattled through those figures for borrowing, so let me read them slowly. The Government are set to borrow £175 billion this year, followed by £173 billion, and then £140 billion—*[Interruption]*—he says he said that; he swallowed it—and then £118 billion. That means that over a four-year period, Britain will now be borrowing £606 billion. They talk about child poverty, but with debt like that, our children will be in poverty for decades. It is a staggering amount and the price will be paid not by the incompetent Ministers who put us into this mess, but by families and businesses up and down our country. They will never forgive the people who have done this. Britain simply cannot afford another five years of Labour.

Even those figures are massaged. On page 204 of the Red Book, the Government are assuming that consumer demand will bounce back to pre-boom levels by 2011. That is what they are forecasting, and that is why they forecast the debt coming down so quickly. That would not be a U-shaped recovery; it would be a trampoline recovery.

What is the Chancellor's excuse for those dreadful borrowing figures? He just told us that this is a world recession. Of course other countries are suffering, but there is not one single other major country in the world in a position as bad as the United Kingdom. [Hon. Members: "Rubbish!"] They say, "Rubbish!", but there is not one country with a bigger budget deficit in any major economy. Why is that the case? Because the Government did not fix the roof when the sun was shining.

It is no good the Chancellor's pretending that the international factors were some sort of surprise. He knew that there was a world recession when he made those utterly useless forecasts in the November pre-Budget report last year. We now know that what he told us was a complete work of fiction. Let us take just one figure, the growth forecast. He told us that it would be minus 1 per cent., but he has had to downgrade it to minus 3.5 per cent. That is one of the biggest downgrades in the history of forecasting.

The figures are so bad that the Prime Minister and the Chancellor have had to do a spectacular U-turn. For years they have lectured us about how departing from the Government spending programmes means swingeing cuts. Minister after Minister has stood at that Dispatch Box and said that any attempt to depart from the Government's rate of growth of spending means being savage or inhuman, and now they are doing it themselves. *[Interruption.]* That is right—that is what Labour Members were all cheering in that rather pathetic cheer at the end of the Budget speech. The Government have just announced more than £10 billion of cuts over two years. For years, that was the Prime Minister's great dividing line, but he is suddenly on the wrong side of it. After today, no one will ever believe a word that they say about spending cuts ever again.

But the Budget still does not do enough to get the public finances under control. In two words, it is completely inadequate. Instead of putting up taxes in 2011, why does the Chancellor not get to grips with spending now and next year? Look at the consequences of failing to deal with spending. Look at the tax rises that he has announced today. Of course, the Government claim that it is just the rich who will pay—and by the way, he has just broken a manifesto promise not to put up the top rate of tax, but people expect that from this lot anyway—but look at the other taxes.

Look at the tax on beer. That is going to hit every drinker in every pub. Look at the tax on petrol. The Government are reintroducing the fuel duty exercise—*[Interruption]*—escalator. That is going to hit everyone who has to drive to work. Those people are not rich; they have to work hard, and they are going to pay the price for Labour's failure. Those are not taxes for the few; they are taxes for the many, introduced by this Labour Prime Minister.

But what stands out most about today's Budget is how every single argument and every prediction that the Government have told us about has turned out to be wrong. They told us that the recession would be less severe than in the 1990s. I have lost count of the times that the Prime Minister has told me that over that Dispatch Box, but perhaps he would like to look at page 200 of the Red Book, which states that:

> "the current downturn is forecast to be much deeper than that of the early 1990s".

[Mr. David Cameron]

He is condemned by his own Red Book. This is worse than the '70s and it is worse than the '80s or the '90s. This is not just boom and bust; it is the worst boom and bust ever.

Then the Government told us, in that November pre-Budget report, that the recession would be over by the end of June. I know that the Chancellor does not want to remember what he said in November, but he said that growth would start early as a direct result of the cut in VAT. So by the Government's own criteria, the VAT cut has failed. The money was wasted and our debt is higher as a result.

What about the last big argument—the one that the Prime Minister tried to get off the ground before the G20? Britain, we were told, was heading for another great fiscal stimulus. Well, where is it? Are we missing something? There is no fiscal stimulus here; there is a couple of extra billion added to what has already been announced. That is less than the cut in next year's capital budget. This is not a stimulus; it is a delayed tax rise and a delayed spending cut. The Chancellor could not provide a proper stimulus because he had run out of money. The Prime Minister sits there shaking his head, but he is the only person in Britain who does not realise how ridiculous he looked wandering around the world telling Governments everywhere else to open their cheque books and start spending, when the Governor of the Bank of England had taken the Prime Minister's cheque book and torn it up in public.

Of course we need schemes that will really help the unemployed and that will help British businesses, large and small. We have been calling for a proper credit guarantee scheme for six months. Before we get carried away with the schemes that have been announced today, I think we are entitled to ask what happened to the ones announced last year. The internship scheme: not working. The asset-backed security scheme: not working, but, incidentally, reannounced today. And what about HomeBuy Direct? The Chancellor told us today that it was to be given another £80 million. What a treat for HomeBuy Direct! There is only one problem: we asked some parliamentary questions and found out that, by 25 March, not a single sale had been made through the existing scheme.

What about the home owners' mortgage support scheme? Peter Mandelson was meant to be in charge of that one, and he knows a thing or two about getting a good mortgage, so you would think that he might have succeeded. It was the centrepiece of the Queen's Speech last year but now, four months later, the Government have just announced it all over again. And still not a single home owner has received a single penny under the scheme. What a disgrace! What a callow farce from this Government! The Chancellor also told us about his scrappage scheme. Let me see if I can get this right. We take something that is 10 years old; it is completely clapped out, it pumps out hot air, pollutes its surroundings and is absolutely ripe for the knacker's yard. What a brilliant idea!

Where does all this leave the Prime Minister's big argument—the one he based his whole premiership on—that he would always be prudent with the nation's finances? Barely a year ago, he described a deficit of 8 per cent. as being completely out of control. So how would he describe a deficit today of 11.9 per cent.? That is more than Denis Healey borrowed when he was forced to go to the International Monetary Fund.

Let me turn to the IMF, as the Chancellor might well have to. I would love to read out a list of countries that the IMF says are heading for a larger deficit than Britain's next year. I can't; there aren't any. Russia, South Africa, Turkey and Argentina are all heading for deficits half the size of ours. Is it any wonder that, in a not-very-noticed announcement, Ministers chose this time to announce—some of you might have missed this—that they wanted to remove the stigma on countries going to the IMF. One Minister actually said that the IMF should be seen as something to celebrate—I am not making this up, I promise—and a bit like

"getting wellbeing care or even like going to a spa to recuperate".

What planet are these people on? When are they going to realise that they cannot spin their way out of this one?

This Budget was a missed opportunity. We need to move from an economy of borrow and spend to an economy of save and invest. The Government talked about the disregard, but why not give proper help in the tax system for people who save? Where was the plan to regulate the banks and to regulate credit properly? Is it not time to end the tripartite system and to restore the Bank of England to its proper role of regulating debt in the economy?

On the fiscal side, the Chancellor has scrapped his fiscal rules and his spending plans, but he has put absolutely nothing in their place. That is why we need spending restraint now and an office for budget responsibility for the future. I have to say to the Chancellor and the Prime Minister that no one will believe that the Government are going to sort out the public finances when the Prime Minister says that they are going to make a serious start only in 2011. We all saw what they are doing today: introducing a few clever, political taxes on the rich before the election while saving up any real tax increases until 2011. But look what we have got between now and then: another Queen's Speech, another pre-Budget report and another Budget. The Prime Minister sits there in his bunker talking about all the brave things that he is going to do in 2011. Is there no one left to tell him that he has to hold an election between now and then? They just do not get it; they cannot see what is actually wrong. He will never bring in the changes required because he does not accept that the economic model that he has run for 12 years, based on Government debt, consumer debt and housing debt, is fundamentally bust. This Prime Minister can never be the future because he does not understand what went wrong in the past.

The fundamental truth is that all Labour Governments run out of money. The last Labour Government gave us the winter of discontent; this Labour Government have given us the decade of debt. The last Labour Government left the dead unburied; this one leaves the debts unpaid. They sit there, running out of money, running out of moral authority and running out of time. We have to ask ourselves: what on earth is the point of another 14 months of this Government of the living dead? If they do not have the courage to deal with the debt and take the difficult decisions, why not make way for the team that can?

1.36 pm

Mr. Nick Clegg (Sheffield, Hallam) (LD): The economic crisis is unprecedented in many ways—its scale, its speed, its reach—so people are looking for something bold and distinctive from this Government. Let us think back to the great Budgets of our history. The people's Budget of 1909 introduced the first pension and the first social insurance. Labour's post-war Budgets built a new nation from the rubble of war. What made those Budgets great was their ambition, and their coherent vision for a different future. That is what we needed today, in the aftermath of this generation's disaster. The worst of times demand the best of Budgets.

So what did we get today? We got a mishmash of recycled announcements from a Government skilled in raising false hopes but incompetent in delivering practical help. The Chancellor had a choice: he could have used this Budget to get practical help to the millions of people struggling in this recession. He could have given a people's Budget for the 21st century. Instead, we got just another politician's Budget, desperately rushing around for half-baked ideas to save the skin of this failing Government. This Budget is a political supermarket sweep, a trolley full of random promises, but without even a hint of a plan or of any real likelihood that the promises will be put into practice.

The growth predictions in this Budget stoke up false hopes. The Chancellor says that the economy will grow by 1.25 per cent. next year, and by 3.5 per cent. by 2011. He says that £15 billion can be shaved from public spending without cancelling a single Whitehall project. Given the lamentable failure of this Government to get their own predictions right, people will be asking what kind of fantasy world they are living in these days. If they get things wrong again—particularly the growth predictions—even greater pain will be necessary to get the Government accounts in order in future years.

The economic crash is not the result of a few minor mistakes, and patchwork repairs will not fix it. We need to do things fundamentally differently, and that will need to start with a different kind of banking system, although that barely warranted a mention in today's Budget. Just because the subject is off the front pages today, that does not mean that the problems in our banks have been solved. Businesses are still not getting loans. Banks are still in a mess. The problems have to be sorted: we need a banking system in which no bank is too big to fail, in which high street banks take no unnecessary risks with other people's money, and in which risky casino-type investment banking is cut loose to fail when things go wrong.

The biggest disappointment in this Budget is its failure to sort out Britain's unfair tax system, and its failure to put money into people's pockets to help them to make it through this recession. Britain's taxes are still too heavy on those who can least afford them, and too easy to avoid for those who know how to do so. That is how this Government—and, I think, the Conservatives—seem to want it. We are now the only party that will do things differently, and get practical help, through lower taxes, to people who are really struggling.

This week, we explained that, if we took aggressive action to clamp down on all the loopholes and exemptions that benefit the richest people and the biggest businesses, it would be possible—even in a recession—to cut most earners' income tax bills by £700 by raising the income tax threshold to £10,000 for everyone.

The Government have finally accepted today, having spent years telling us it was not possible, that one of the most unfair loopholes—the doubling of the tax relief on pension contributions from the highest earners, compared to people on ordinary incomes—should be changed, but they have only tinkered with the loophole today by removing the benefit only from the tiny minority of people earning more than £150,000. Like the Chancellor's other tokenistic measures applying to the highest earners, it will raise very little money—only £200 million, according to his own Red Book—while leaving in place the really big loopholes such as the lower 18 per cent. tax on capital gains. That, in effect, serves as a massive subsidy for the very rich when we should be doing everything we can to cut taxes for people who really need help. Our proposals would ensure that 4 million of the lowest paid would no longer have to pay any income tax at all. Our proposals would put fairness and transparency back into this Government's woefully unfair and complex tax system, and I urge the Government, even at this late stage, to take up our ideas.

It is not too late to sort out Labour's failed fiscal stimulus either. There should have been proposals in this Budget to end the pointless VAT cut and replace it with a stimulus package that actually works. Billions have already been poured down the drain, but if the Chancellor stopped the VAT cut now, he would still have £8.5 billion to spend better elsewhere. Just imagine what could be done with that money. We could create thousands of real jobs, as well as lay the foundations for a different, greener economy. We could insulate 2 million homes and every school and hospital in the country, which cannot be done with the piffling amount announced today. We could build new council houses, upgrade public transport with new train carriages and re-open railway lines and railway stations. For every minute that goes by, £22,000 is wasted on the VAT cut, and every minute that goes by, someone else in Britain loses their job. It is not too late to turn things around. We could cancel the VAT cut, put the money into green jobs, and have a quicker recovery and a stronger country.

This mishmash Budget includes a litany of missed opportunities. I welcome the Chancellor's announcements on pensions, but will he confirm that he has still not addressed the fact that many pensioners receive pension credits on the absurd assumption that they are making a 10 per cent. return on their savings?

I have lost count of the number of Government announcements on housing—we have had another one today—yet fewer new affordable homes are being built than ever, young people still cannot get a foot on the housing ladder and the Government persist with their deeply misguided policy of subsidising people to take on new debt in a falling housing market.

Then there is the huge dilemma of how balance and discipline can be restored to the Government's finances in future. Today's figures of projected national debt will cast a dark shadow over future generations, but one thing is more important than anything else when it comes to the public finances—growth. Without growth, there will be no money anywhere to pay off the nation's debt. That means that we must not pull the rug out from under the British economy just as it is struggling to get

[Mr. Nick Clegg]

up off the floor. So the Conservatives are, I believe, just plain wrong to propose slashing budgets immediately, which would be an act of monumental economic masochism. But the Government are wrong, too, to commit right now to the biggest fiscal contraction in the OECD—according to the Government's own figures published this morning, they have committed to a massive 16.75 per cent. cut in capital investment by 2011 when they have no idea what the economy will look like by then and no idea of whether cuts would kill off growth just as it gets going.

We should remember that this time last year, the Chancellor said that the economy would be growing by 2.5 per cent. today, and yet it is now registering 3.5 per cent. negative growth. Six months ago, he said that the recession would be over by 1 July. The Chancellor may fancy himself as the new Mystic Meg, but he should get out of the predictions game. We do not know where the economy is going, so we simply must keep our options open until growth is restored, when we will need to face difficult choices. That is the only honest approach.

The Chancellor should adopt an honest approach on spending, too. He is trying to pretend that £15 billion can be stripped from public spending without anyone noticing, but talk of pain-free efficiency savings is a joke. We all remember Gershon. All it proved is that money can be moved from one column to another and called a saving.

The Liberal Democrats would do things differently. We would take big choices about what the Government should and should not do in the medium term, once growth has kicked in again. We would ask difficult questions: is the 50 per cent. target for university students either necessary or affordable; what is our international military role and how much should we spend on it; are exceedingly generous pension entitlements for well-paid public servants fair or affordable? We need a national debate about what the state can and cannot afford in the future, not Whitehall salami-slicing today. That is the responsible way—the honest way—to reduce spending in the years ahead and avoid painful higher taxes.

This Budget could have been a great Budget. It could have set a new direction, a new course for Britain out of recession and towards a stronger future. We could have had a new, fair, transparent tax regime; a better banking system; green jobs and green infrastructure for a sustainable economic future; a new era of openness from Government about what the public purse can sustain; and a new era of responsible, lean government that improves people's lives. Today was an opportunity to deliver practical help, but Labour is out of ideas and out of steam. Today the Labour Government have condemned us to years of unemployment and decades of debt. The country deserves something different.

1.46 pm

John McFall (West Dunbartonshire) (Lab/Co-op): Today's Budget is set against the backdrop of a banking crisis that has in the past year become an economic crisis and is now a social crisis. Witness the problems in Europe, whether we are talking about France, Spain, Greece, or the Republic of Ireland, not to mention the central European countries. Against that backdrop, thousands of jobs have been lost and many more people have had cuts in their working hours and wages.

When the Treasury Committee visited a number of regions in the UK just over a month ago—we went to Edinburgh, Belfast and Halifax—we came across owners of small businesses who feared bankruptcy, home owners who feared repossessions and many more people who simply feared the unknown. Mention has been made of help for young people, particularly students and school leavers, about 600,000 of whom will be leaving education this summer for an uncertain job market.

In the past, there existed a social contract whereby individuals as well as companies were free to prosper or fail on their own merits, but with the collapse of the banking sector and the necessity to rescue the banks, which took devastating risks with ordinary people's money, that social contract has been damaged. Trust and confidence in the banking sector need to be re-established. That will not be an easy task; it will be a long and painful task. In the midst of that, people are looking for a fairer society, which is why I welcome a number of the measures announced by the Chancellor today.

The Treasury Committee will be scrutinising the Budget over the next week; indeed, we will have three evidence-taking sessions and will, I hope, be able to report to the House in time for Second Reading of the Finance Bill a week on Tuesday. When we scrutinised the 2008 pre-Budget report, the Committee recognised the uncertainty of the economic outlook, but was concerned that the Treasury's forecasts were on the optimistic side, as has been proved. In the next week or two, we will cast a scrutinising eye over these growth forecasts and the plans over the next six or 10 years to balance the budget to achieve an even fiscal landscape.

I have already mentioned the Treasury Committee visits around the country. We found that access to lending was an important issue then, as it still is now. The banks claim that they are increasing access to credit, but we heard in our visits that small businesses were still unable to access the lending that they need to keep going. The work of the Lending Panel, which the Government have established, is hugely important. I would like to see the results of that panel published at least every quarter, so that we can keep a handle on exactly what the banks are doing and on how much lending is actually taking place.

Lembit Öpik (Montgomeryshire) (LD): On those visits, was the right hon. Gentleman aware of, or did he come across, the fact that quite a few businesses, far from getting more lending, are experiencing a squeeze on their overdraft facilities, which are being reduced by the very banks that are promising to be more generous? Will he and his Committee's investigations perhaps consider whether anything in the Budget might force the banks to be more generous with their overdraft facilities, and certainly not reduce them, when companies are desperate to invest?

John McFall: What we did hear from businesses was that they would rather be paying higher interest rates than, say, some of the arrangement fees that the banks were imposing on them—in a number of cases, four or five times the value of what they were paying the previous year. Those are hidden charges from the banks, so they go on the profit and loss account. There is a need for transparency here and for a lot of work to be done, but I welcome the measures that the Chancellor announced today with regard to business support.

The Chancellor mentioned the public finances. There is legitimate concern about the sustainability of Government borrowing and it is vital that in our plans for economic recovery the path back to a balanced budget is clearly outlined. Next week, the Committee will be looking at that, as well as at the efficiency programme that the Chancellor announced. In an inquiry over the next month or so, the Treasury Committee Sub-Committee will consider where those efficiency cuts are taking place. Mention has been made of the fact that it will not be front-line jobs that are involved and we hope, for sure, that that will be the case. We will certainly be subjecting the Department to that scrutiny to ensure that front-line jobs are maintained.

Mr. John Redwood (Wokingham) (Con): How much does the right hon. Gentleman think the Government could easily borrow in the next two years without forcing interest rates up?

John McFall: As I said, the Budget has been presented against an uncertain background, but the right hon. Gentleman should look to some of the economic gurus whom he respects, such as Sam Brittan of the *Financial Times*. Sam Brittan will say that we should be quite relaxed about public borrowing at the end of the day. Indeed, I refer the right hon. Gentleman to Sam Brittan's article of 27 March, in which he says that in the second world war we borrowed against a bank rate of 0.5 per cent. What for? To ensure that we went to war producing guns that killed people. So why, in the words of Sam Brittan, should we not borrow to ensure that we get people back to work and off the dole—a lifetime penalty?

Mr. Frank Field (Birkenhead) (Lab): Is not there a real difference between now and the age that Sam Brittan writes about? When we were trying to balance our wartime budget, other major allies were in surplus and only too willing to lend to us. They are also now in deficit and wishing to borrow.

John McFall: There is a major difference. We have a global crisis—it is being experienced across the whole world. I was in the United States last week and people are talking about the budget deficit being 12 per cent., the sustainability of US accounts and the stress testing of US banks, so certainly we are in a different world. If people do not grasp the fact that we are in a global downturn and that we are avoiding a depression in the world rather than a recession, they have not got it.

I would rather see public borrowing to keep young people out of unemployment as I witnessed it when I was a school teacher in the 1970s and 1980s. Let me characterise that. Walking down my local high street, I would meet pupils whom I taught 10 or 15 years previously. I would be introduced to their wives and children, but then they would turn round and tell me that they had not had a job.

I want that type of society to be dispelled. I want to ensure that we have a society where young people have an opportunity and an ambition that they can realise. To do that, we must ensure that we assist them in every way we can with the public finances. That is hugely important. At the end of the day, as Martin Wolf said recently in the *Financial Times*, given that the Government can borrow at a lesser rate of interest than others, we can see borrowing as an investment for the future, whereby we keep people in jobs and get tax revenues back, which will assist the Government when growth returns to the economy.

I have been asking for a Budget that will ease the pain of the recession and help those who are feeling it most keenly by keeping them in their jobs and in their homes. I have been seeking a Budget that protects the most vulnerable people in our society and that prepares the economy for the future—an economy that is changing enormously. I welcome the comments and commitments made by the Chancellor regarding climate change and green technology.

The Chancellor's announcements regarding the steps that he will be taking to support the labour market are welcome, but I feel that we have to be alert and that perhaps more has to be done. We had the news this morning that unemployment is 2.1 million. That is still rising, despite the fact that some are saying that the economy will turn at the end of the year. We will still face rising unemployment, so this is a crisis with a human face. Unemployment can cause massive psychological and emotional strain. As we know, it affects not only the unemployed, but their families and friends and their wider communities. It has a particularly lasting impact on young people, so it is important that the Government help young people. The measures announced today are welcome in that regard.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): In the north-east of Scotland specifically and across the UK, 500,000 jobs depend on investment in the North sea. The Chancellor has gone some way to recognise that with his scheme for the field allowance, but that scheme was dreamed up in a time of much higher oil prices, when the challenge was how to get incremental developments. Will the right hon. Gentleman's Select Committee consider whether the needs of the wider industry could be addressed by taking it further into current developments and by bringing forward tax relief for new entrants, so that they can deal with the missing cash flow caused by the banking crisis?

John McFall: I welcome the commitments made by the Chancellor today to provide funding to open fields that were previously unprofitable. That is good, but I give him advance notice that we will question him about North sea oil when he appears before the Committee next week. I am flagging that up pretty early.

I want to keep focusing on unemployment. A couple of weeks ago, I hosted a meeting in Parliament with Professor David Blanchflower, the departing member of the Monetary Policy Committee. He predicted that unemployment could be 4 million by 2011 or 2012. That is a dismal background, but it illustrates why we need to keep helping people if there is such a background. If that is the case, we will find that the Government are spending money to assist people.

Statistics from the House of Commons Library, sourced about a year ago, showed that every unemployed person would cost the state £10,000. That does not cover welfare benefits or local authority benefits such as free school meals or whatever people get, but if the figure is indeed £10,000, having 4 million unemployed would result in £40 billion a year being spent by the Government. Is it not sensible to try to avert or avoid that unemployment by spending at this particular time?

[John McFall]

On the most vulnerable, the Government have produced ambitious targets on child poverty, but today, 30 per cent. of children in the United Kingdom still live in poverty. The Government's commitments on child poverty, while admirable, still have a long way to go to ensure that we eliminate child poverty by 2020. In my constituency, one child in four grows up in poverty, according to the End Child Poverty campaign.

The Joseph Rowntree Foundation estimates that child poverty costs the UK £25 billion each year in extra spending on social services, health, housing, education, crime and so on. The Government's moves to create jobs are important in the light of the fight against child poverty, because long-term parental unemployment is one of the biggest causes of child poverty. We will not be able to reduce it significantly while unemployment is rising. I welcome the Government's commitment in that particular area.

The Government's commitment to investing more money in building homes will directly benefit children living in poverty, because the shortage of affordable housing is one of the biggest barriers to eradicating child poverty. However, measures to meet the Government's housing targets and to protect the homes of children whose parents have lost their jobs are really important steps to reducing the number of children growing up in poverty.

Other vulnerable groups mentioned by the Chancellor—pensioners and those in low-paid work who do not have children—will also benefit from the Budget. I welcome the Chancellor's measures to help pensioners, especially the savings initiative and particularly in the ISA field.

Lynne Jones (Birmingham, Selly Oak) (Lab): My right hon. Friend mentioned investment in housing. Does he share my disappointment that only £100 million is to be provided for council housing? That will secure about three council houses per constituency, and is surely inadequate, given that more than 1.5 million households are on council waiting lists and given that a large number of housing revenue accounts are paying money directly to the Exchequer—many millions in the case of Birmingham council tenants.

John McFall: The £100 million is over and above the money that local authorities are already receiving, and is intended to support energy efficiency measures. I welcome that £100 million from the Government, but is there still a long way to go? Of course there is. Some years ago the Government commissioned a report from Kate Barker, who was a member of the Monetary Policy Committee at the time. According to her, between 120,000 and 140,000 houses needed to be built each year. That is an ambitious target, but we are moving along the path towards it. However, we also need to prepare the economy for the future.

The Chancellor mentioned the banking and financial sector. That sector will not contribute the same amount to the economy as it has in the past. It will shrink: everyone has acknowledged that, not least the Governor of the Bank of England when he appeared before our Committee. We need to rebalance the economy, and ensure that it functions in all the regions.

The banking practices mentioned by the Chancellor generated the highest yields, but they also generated a massive amount of risk, which ultimately led to a global banking crisis and which we are no longer prepared to accept. In the future, our economic growth should not be driven by risky banking practices. At this stage, it is important for us to take a long-term view and to invest in areas that will be drivers for growth, including high-value manufacturing. Our infrastructure will also need investment to support a post-recession economy which, as I pointed out earlier, will be less centred on the City of London. The Treasury Committee is conducting an inquiry into the banking crisis, and we hope to publish our first report in the next week or so. We intend to produce another report on corporate governance, followed by reports on consumer issues and international regulation and co-operation.

I suggest to the Chancellor that any financier whom he meets—and any whom I meet—should be told that it will not be business as usual in the future. Some people in the City have their heads down, thinking that the storm will pass and that in a couple of years they will be able to renew the old practices and the old ways of doing things. The old practices and the old ways of doing things should be consigned to the dustbin of history, and new ways, involving putting customers at the forefront of banks and financial services' interests, should be promoted.

Corporate governance should mean good management of companies. As the Chancellor knows, it was a shocking lack of corporate governance that led to the demise of the Royal Bank of Scotland and HBOS. In the case of the Royal Bank of Scotland, the problem was the acquisition of ABN AMRO. The then chairman of RBS, Tom McKillop, told the Committee that the bank had bought ABN AMRO at three times the market value price. It bought the company on 15 October 2007, a month after the crash. That was a mistake that brought the bank down. The chairman of HBOS, Lord Stevenson, acknowledged that there had been mad, risky lending and no oversight of the risk assessment, and that that had brought the bank to its knees.

On the boards of those banks were people whom we would term the great and the good—very influential people with a track record in the financial services industry—but they did not make a squeak, because profits were coming through the door. They turned their faces in the other direction. We must have a corporate governance system that ensures that risk is assessed. At the end of the day, the long-term interest of the company rather than the short-term interests of the executives should prevail. Sadly, it is the latter that we have seen in the banking crisis to date.

Mention has been made of the public debt and whether we can afford it. I would turn the question around, and ask whether we cannot afford it. Opposition parties will argue that we need to cut public spending dramatically, but cutting public spending dramatically is the wrong way to go about things at present. It would appear from the comments of the Leader of the Opposition that if the Conservatives were in power the cost would be even higher, because they would fail to take action to protect jobs and homes.

Last year, the public debt was estimated at 8 per cent. of GDP. Seven per cent. of that debt was a result of the automatic stabilisers; only 1 per cent. was a result of the fiscal stimulus. The Conservatives have said that they are signed up to the Government's proposals on the automatic stabilisers. All that we are talking about here

is a 1 per cent. fiscal stimulus, and we need to ensure that we help people with it. I suggest to the Leader of the Opposition that he is on the wrong track in that respect.

A fairly wide debate is taking place on the fiscal stimulus and its affordability. Only this week the National Institute of Economic and Social Research, one of the country's leading economic think-tanks, said that the United Kingdom could still afford a fiscal stimulus, and suggested that the Budget should contain a stimulus amounting to 2 per cent. of GDP—£30 billion.

On the subject of the public finances, let me again quote Martin Wolf of the *Financial Times*. On 18 March, he wrote that:

"it makes no sense to avoid action that would greatly lower the real economic costs of the crisis now, to eliminate a hypothetical and avoidable fiscal crisis later on. This would be like committing suicide in order to stop worrying about death."

Given the Government's commitment to helping people and to making this a Budget with a human face, I welcome the initiatives announced today, but are they enough? I fear not. Will the Treasury Committee be scrutinising the Government on their public debts and their commitments to assist the most vulnerable people in society? We certainly will. We look forward to renewing our engagement with the Government next week, when the Chancellor will come before us.

2.7 pm

Mr. John Redwood (Wokingham) (Con): I am a director of a couple of companies. I have declared my interests in the Register of Members' Interests.

This is really the Damian McBride memorial Budget. It is a Budget of the spinners, by the spinners, for the spinners. It is a Budget with all the black arts around it. It is a Budget that wants people to believe that it will all be fine in a couple of years' time. It is a Budget built around numbers that are entirely fantasyland economics. It is a Budget which pretends that there will be massive growth in two years' time, and that that growth will miracle away the enormous deficit and the huge debts that will be the Government's only legacy.

This is a Government who, just a few months ago, were in denial that there was even a recession on here in the United Kingdom. This is a Government who would not admit six months ago that they would preside over the worst collapse in any major western economy, as measured by the public finance figures. This is a Government who a year ago, at the time of the then Budget, said that there would be a little drop-off in the growth rate, but that Britain would come sailing through because they were married to Prudence and had abolished boom and bust.

The Government are not married to Prudence. Indeed, the Prime Minister—the former Chancellor—divorced her many years ago. Now they are holding a drink and drugs party on the poor lady's grave, inviting everyone to come along and spend as much borrowed money as possible. I do not think that the current Chancellor has ever met the lady Prudence. It is quite obvious from his figures and his representations today that he does not have a clue about the fact that it is necessary to balance the books at some point. He has no clue about how to balance the books, and, as my right hon. Friend the Leader of the Opposition so powerfully observed, it will take another team of Ministers to deal with the awful job of cleaning up the mess.

Let us look first at the economic forecasts. I am grateful that at last, after it had become obvious to everyone else in the country, the Government have accepted that there will be a very serious downturn this year. After all the lying, weaving and ducking outside this House and the funny figures given inside it, we now discover that even the Government admit that there is going to be the most severe recession since the war—not only the deepest, but also the longest. We now have a Government who admit that there is not about to be an upturn any time soon. According to the new forecast, the magic Ides of July will come and go without us seeing the green shoots, let alone the recovery.

As my right hon. Friend the Leader of the Opposition memorably said, the Government are forecasting a trampoline recovery some time later, with most of the benefits of this improbable gymnastics delayed until after the general election, because they do not want the electorate to be able to compare what actually happens with the ridiculous forecasts they are now coming up with.

Why is it that after 12 years of this Labour Government, who said they were married to Prudence and had learned the lessons of their trip to the International Monetary Fund and of previous economic crashes, we now see this Government in complete disarray, presiding over not just a big increase in debt, not just a whopping increase in debt, not just a colossal increase in debt, but a bigger increase in debt than all previous Governments from time immemorial over a millennium in this country had managed to borrow together? If someone had made that up for a BBC drama, I think that I would have been one of the first people moaning again that the BBC had overdone it and that the plot was preposterous. Yet that is what today's figures tell us; they tell us that the Government are seriously suggesting that they should, and they can, and they will, borrow more money in a couple of years than all previous Governments added together over many centuries, including all the war debt that we still have, inherited from those earlier tragic and difficult times when different rules and priorities clearly applied on a cross-party basis.

How did the Government get into such a dreadful quagmire? There are three main reasons. First, they foolishly, rashly and needlessly committed this country's public accounts to two extremely large banks—banks which, as my right hon. Friends on the Front Bench have again memorably said, were too big to fail and too big to bail. The Government were quite wrong to force those banks, at the fateful weekend in question, into trying to find capital that quickly, and they were quite wrong to say that the taxpayer would stand behind those banks and buy all those new shares at too high a share price, which they forced upon the poor reluctant taxpayer. There were many ways of sorting out and standing behind those banks without putting all that taxpayer cash on the line, and the last thing we needed to do in the parlous financial condition we already found ourselves in was put the taxpayer fully, squarely and completely behind the £3 trillion of liabilities on those two massive bank balance sheets, with all the consequences that followed.

I have not had a chance to read the detailed figures, which were not released to Members of Parliament until immediately after the Chancellor sat down, and of course, the Chancellor did not give us the actual cash figures for his current view of how much those banks

[Mr. John Redwood]

are going to lose us. However, he did say in his statement that he now recognises that there will be material losses for the taxpayer. We have heard the figures in the press; as always, we could have learned most of the Budget in advance by listening to the media over the weekend preceding it, and in the days before we in this House are graced with some kind of statement—and then if we really want to know what is going on, we have to go away and read the documents, because they contain at least some of the bad figures that the Government wish to conceal.

We have gathered, however, that the debate is between the Chancellor and the IMF. We learn that the Chancellor thinks that the Government are going to lose £60 billion on the banks. I will be delighted if they lose only £60 billion on the banks, as I have always forecast that they will lose a lot more than that—but let us just think about this: that is £60 billion of needless losses subsidising rich bankers and foolish banks. Why do a Labour Government want to do that? Do they not realise that that is £1,000 for every man, woman and child in the country? What could my constituents do with £1,000 per head extra this year? Would it not have been better to have given them the money so they could have sorted their own lives out and bought a few more things to create some demand, rather than to tip that £60 billion down the drain by making the taxpayer stand behind the banks and pay for those losses?

The IMF, however, says it thinks the losses will be £200 billion, and I fear that it is nearer the mark. We understand that some of the very expensive spin doctors and Treasury officials employed at our expense have thought it a productive use of their time to try to get the IMF to calculate its figures again—in other words, "If there's a problem, let's try to spin our way out of it." I urge the IMF not to be too lenient with these Ministers and this Treasury, because I fear the losses are, as the IMF has said, going to be all too large. It shows the Government's priorities that when they nationalise the banks, they will not accept that there is any possibility of loss at all, when they have the autumn statement they leave all the figures on the banks out of the borrowing because the borrowing looks too awful with the banking figures included, and when they finally get to the Budget they realise that none of the commentators and City experts are going to buy the idea that there will be no losses on those banks, so they come up with a figure rather smaller than those of the serious commentators and hope to get away with it, and when no less a body than the IMF rumbles them, they send the spin doctors out to deal with it and try to get the figures massaged in the right direction.

That is the first reason why we are so colossally in debt and so hugely at risk. Never before have a British Government been stupid enough to nationalise banks that in aggregate are bigger than the national income. Never before has a group of Ministers blundered into such a colossal and risky financial commitment as this group of Ministers has. Given the questions I have asked over the months about this, I feel that when they took the decision they had no idea how big the thing they were taking on was, and they certainly had no idea that only £1 in every £7 on the RBS £2 trillion balance sheet was a loan to a British person or British company. Like them, I want to make sure that British companies and British people do not suffer because of the awful credit crunch. Of course I wish to see the creditors protected, and of course I wish to see lending resume at sensible levels in this country, but only £1 in every £7 on the RBS balance sheet was doing any of those things, yet this Government had to blunder into backing the whole balance sheet, and who knows how much they *will lose*.

How much do the Government reckon they will lose on the £500 billion casino bank within RBS that they have bought? What action have they taken to protect the taxpayer interest? Have they instructed those bankers to close down the dangerous positions? Have they asked them to calculate the losses and take the ones that could get bigger? Have they agreed with them that they will net out a lot of the positions so we can begin to see what we have got and start to reduce the total risk for the taxpayer? I do not think they have done any of these things. I do not think they have got a clue; I do not think that they care. They thought it was a great idea to nationalise a bank. They thought that would give them control over the economy. They will learn the hard way that they do not control the banks—the banks now control them.

The second reason why we are so deeply in debt—and, even worse, a reason why we will get increasingly into debt under this Government—is the very violent boom-bust cycle that they have unleashed upon our poor economy. This is a boom-bust cycle that was made particularly violent in Britain by wrong policy here in Britain. This is the Government who, when it was becoming obvious to many outside critics that a huge credit explosion was under way, instead of calming the flames by taking some of the material off the bonfire, decided to stoke it some more. This is the Government who, instead of saying to the private sector, "You're overdoing the off-balance-sheet borrowing, boys and girls," went out and said, "Do more off-balance-sheet borrowing. We'll show you how to do it. We're going to finance most of our public projects on the never-never on an off-balance-sheet basis so that people don't realise that we're building up extra public debt, don't know that we have broken all our own rules, and don't know that we are doing this on the never-never in the hope that some future Conservative Government are better at running the public books and are able to pay the interest and the debts off."

Mr. Mark Field (Cities of London and Westminster) (Con): I agree with everything my right hon. Friend says about the appalling state of private finance initiatives, but unfortunately, I disagree with him in one small area: this debt is not on the never-never, as it will have to be repaid. Indeed, it will have to be repaid during the second half of the next decade and beyond, and will be a drag on any recovery that this economy could possibly hope for in that period.

Mr. Redwood: I was using "never-never" in the common sense—I meant as a way of financing oneself—but we all know that, as my hon. Friend rightly says in correcting me, the never-never is the ever-ever; it is ever-ever with us, and we will have to repay it. These Ministers thought that they could get the glory for the spending and leave the bills with the British taxpayers. These Ministers thought that they could do the borrowing round the corner and leave it off the balance sheet, and that would stimulate the economy. These Ministers thought that if they are having a drink and drugs party on Prudence's

grave, why not let the public sector lead the way and buy more of the drinks, while the private sector is encouraged to do exactly the same thing.

Far from being the surprised moral Government who did not quite understand how things were out of control, and who can now condemn bankers for getting it wrong, this was the Government who were leading the never-never society, were leading the charge and were leading the off-balance-sheet movement, and who were urging the financial markets of Britain to come up with ever cleverer and, unfortunately, dearer ways of feeding the public monster that they were creating—this huge debt machine in which they were revelling—so that they could have more press releases and more initiatives, and try to give people the impression that they were investing. If only they had been investing, it might have been a good idea—but they were not investing. They were squandering and wasting, and they were not getting the efficiencies, improvements and extra services that we would have liked. There needed to be some extra spending—Governments always have to spend extra on services to improve them—but they were blowing the money in all sorts of ways, not just on nationalising banks, but in ways that I shall examine briefly in the third part of my comments, which will deal with public spending.

The Government made the cycle worse by the lack of spending discipline and by the over-borrowing in the public sector, and by rigging the inflation target at the end of 2003—a little before the 2005 election. They saw that the Bank of England's Monetary Policy Committee was likely to have to put interest rates up, because it could see that inflation was perhaps going to get out of control and credit was a bit too lively. So what did the then Chancellor do? He changed the target to one that was performing much more modestly than the retail prices index, and I am sure that he knew, because he is a clever man who studies these things, that by changing that target, interest rates would have to be kept lower for longer. That fateful decision—that decision to encourage the borrowing binge in the private sector by keeping rates too low for too long—stoked up the private sector half of the violent cycle.

By 2007, when it was becoming clear even to the Government that they had overdone it, they allowed or encouraged the monetary authorities to put the brakes on. We lurched from careering up the motorway at 140 mph to trying to do a complete stop—an emergency brake—by putting interest rates up and withdrawing funds from the market. They overdid it, so we lurched from excessive boom to excessive bust, and we, the passengers in the car, were hurled towards the windscreen by the effort to bring the vehicle to a grinding halt. It was a disgraceful piece of bad driving for which the Government will not be forgiven for a very long time by the electorate, who can see that British actions—actions by the authorities here in the United Kingdom—made the cycle more violent and worse. China, India and Germany did not have this sort of cycle, but we had it here, because our authorities were uniquely incompetent and uniquely unable to see how they were overdoing it in both directions.

The third reason why we are so massively in debt is that Labour has blown it with its public sector spending programmes. Contrary to the constant rumours from the Labour party, none of us came into politics to fire teachers, nurses or doctors; Labour Members should accept that all of us, from all parties, come into politics because we want better schools, better hospitals, better public services and better standards. If they were to examine the record of past Governments, they would see that every Government, be it Labour, Liberal or Conservative, have every year, or nearly every year, increased expenditure on those vital front-line services *and the people who deliver them.*

Anne Main (St. Albans) (Con): The Chancellor should be thanking the good people of St. Albans, who pay the most into his coffers but get the least back in terms of the delivery of front-line services. My area rattles around at the bottom of the league table in what we get back, so we struggle. I am sure that the good people of St. Albans will wonder how on earth they are going to manage with the new cuts that the Government will be putting in place, given that they have been struggling in the good times. All the things that I heard in the Budget to do with the stamp duty holiday for homes worth up to £175,000 do not help St. Albans. I heard nothing about small business rate relief for my local small businesses; in St. Albans that relief does not even kick in. I am sure that my right hon. Friend will agree that the Chancellor seems to have abandoned places such as St. Albans, merely seeing them as cash cows: he just spends the money.

Mr. Redwood: For St. Albans read Wokingham; my hon. Friend has spoken powerfully for me, for herself and for many of our right hon. and hon. Friends. Our constituents, by and large, pay the bills, go to work, work hard, are prudent and save—they do all the things that, we hope, Governments of all persuasions wish them to do—but we are the ones who get socked with the tax bills, and we do not get any of the extra money if the Government are thinking of money for better schools or hospitals. It is very noticeable how unfair the system has been. The Conservative Government to whom I belonged always gave more to areas with greater needs—and of course that is fair, and a common-sense approach—but the situation has now become extreme. Our areas have needs too, and, as my hon. Friend rightly says, the distribution system is very unfair.

I wish to draw attention to the two economies out there: the huge divide in modern Britain is between those of us who work in the public sector and those who work in the private sector. The big divide is between those who are trying to run small and medium-sized entrepreneurial businesses and their staff, and those who are in the large bureaucracies of the public sector—those in the quangos, the councils and the Whitehall Departments. There is a monumental sense of injustice, because when we talk here about tough choices we are talking about whether we increase public spending at 2 per cent. or 1 per cent. in real terms—above the inflation level—or about whether we are going to have three nice extra things or one nice extra thing in our budgets, but what people in private sector companies are talking about during this awful recession is whether they close one factory or two factories out of their three or four, and whether they get rid of 20 per cent. of the work force today or whether they may have to fire 25 per cent. of the work force in two months' time because demand is so low. They also talk about how they can halve their stock levels because they cannot

[Mr. Redwood]

afford to maintain them and they cannot get the borrowing for the stock, and they discuss what impact that has on all the people who would like to carry on in their jobs making things.

I do not think that these Ministers have a clue how tough it is out there for private sector businesses. I do not think that they have any idea what it is like for businesses of just four or five people, where those running the business are personal friends with the individuals whom they are employing, but at some point they are going to have to say to one or two of their employees, "Either you go, or we all go." That is the tough choice that such people are facing; that is the reality. They are the people who are facing this huge rash of extra bureaucracy, extra regulation and changed tax rules that makes their lives even more difficult at a time when they need to concentrate on sorting out their business, when they need a break from their banks and when they need a break in terms of improved demand and improved economic prospects.

It is this huge divide in Britain that is so unfair and that is causing so much anger, and it is one of the main reasons why the governing party is so low in the opinion polls—about which it must be extremely worried. When listening to the Chancellor and hearing about his many schemes for people who, sadly, lose their jobs, one wondered whether there was at last some forethought about the colleagues of his whose jobs are going to be destroyed by his very bad economic management, and who may well be feeling that pain in a year. They will then discover that it is very brutal out there and things are very different when one loses the protection of the indexed pension, the decent salary, the expenses and all the rest of it.

The public expect us to do everything we can to try to reduce the length, depth and severity of the recession, and to make the tax changes or produce the schemes that might make a difference to those who are struggling to keep going potentially good businesses that have been very badly damaged by the current climate. But they also expect us, above all now, to treat their money seriously and to spend it wisely. They do not believe for one minute that all this extra money that has been tipped in, so much of it borrowed, is buying them a better school, a better hospital, safer streets or stronger border controls. They think that a lot of it is wasted.

I called this Budget the Damian McBride memorial Budget, but I now wish to say something nice about the Government. I know that I will upset my right hon. and hon. Friends by saying so, but I think that the Government did a very good thing in sacking Mr. McBride. I think that the Labour party would agree. However, I have some advice for the Government. They still have dozens of McBrides left in their organisation—spin doctors spinning in favour of their bosses and the Government—although I hope that none is doing all the things that Mr. McBride was doing, at least not any more.

The Government do not need those spin doctors—indeed, I fear that I am doing the Government a good turn by giving them this advice. One reason why they are getting such a dreadful press at the moment is that those spin doctors—and their bosses—are turning on each other, fighting for power and the ear of the current incumbent, and positioning themselves for the leadership race. If the Government got rid of more of their spin doctors, I could say nicer things about them. It would be a good saving, because many are supernumerary. They are letting the Labour party and the Government down, so some savings could be made there.

A much bigger saving in cash terms could be made by cancelling the ID card scheme and the national computer database. It is hugely expensive and will be deeply intrusive, without making our country any safer. Burglars will not take their ID cards to the scene of the crime and leave them on the mat when they leave. We already have identity documents that people have to show when they arrive at our borders; they are called passports. Instead of ID cards, we should have a border authority that wants to inspect passports properly and make sensible decisions about those visiting our shores. These people do not come across in rowboats; they are not sneaking into the country. They come in through the front door—through Gatwick, Heathrow and Dover. Let us do the job at the port of entry with the proper documents. We do not need to make everyone else live in fear that they will be caught without their ID card when digging at the bottom of the garden. If the Government do not scrap the ID computer scheme, they are not serious about civil liberties, and they are certainly not serious about saving money. It is a no-brainer, because it would be a popular public spending cut.

Unelected regional government is widely loathed and hated in England. The Government can no longer say that it is hated only in parts of England with Conservative local government administrations, because they decided to test the popularity of regional government in what they thought was the Labour heartland of the north-east. At the time, it had mainly Labour MPs and mainly Labour councils—more recently elected than some of the MPs—but the Government lost that vote not by 55 to 45 or 60 to 40 but by four to one against. If they want to repeat the experiment in my part of the world, we can make it five to one or six to one against.

Regional government is widely hated. It is a huge cost burden and involves unnecessary administration, bureaucracy and regulation. If something needs spending on or regulating, it should be done nationally by the Departments or locally by the county or unitary authority. We do not need the middlemen and women—let us sweep them away. Again, I fear that that would make the Government popular, but I can recommend it because I know that there is no chance of their listening to the people of Britain. The Government will go back to the north-east, where they still hope to win some seats in the general election, and they will have to explain why they rode roughshod over the freely expressed and sensible views of the people there.

The people have rumbled the Government. We do not need European government, national government, regional government, county government, district government and parish government. That is six layers of government and too many people bossing us around, too many people on expense accounts and fancy salaries and with public sector company cars. Get rid of some of them. The obvious place to start is the regional level, and it should go.

Let me mention something that I have not mentioned for a very long time in this House—my hon. Friends will be very disappointed—and that is the subject of the European Union. Tony Blair, in the good days, thought that we had so much money that he would like generously

to give some of Baroness Thatcher's rebate back to our partners. The Government always tell us that they have a lot of influence in Brussels and that they get on well with our partners. I think that the Prime Minister should go back there next week and say that his predecessor made a huge mistake.

When Tony Blair generously decided to give all that extra money to the rest of the EU, he thought that Britain was strong, prosperous and well run. The present Prime Minister now realises that it was not; it is nearly bankrupt and borrowing too much money. We cannot afford to borrow extra billions of pounds—and it will need to be borrowed—to give to other countries, some of which are in a stronger financial position than we are. It is a little challenge for the Prime Minister after the triumph of saving the world: to go back to Brussels, say that his predecessor wrongly and stupidly gave away the good deal that Baroness Thatcher had negotiated with great skill, and tell them that the British people now need that money, because it will all be on our overdraft as the public accounts are out of control.

I come to the public sector rich list. I pay tribute to the Taxpayers Alliance for the work that it has done in getting to the truth about some of the waste and grotesque excess that has substituted for proper public spending under this Government. Up and down the country, there are hundreds and thousands of senior officials in posts in quangos, in Whitehall and in local councils who are earning mega-salaries. Those salaries do not respond to market pressures. In the cold and hard private sector world of which I have reminded the Government, people on high salaries in companies under pressure are not only losing their bonus, but will have to take a pay cut—if they are lucky, because otherwise they will lose their job. When they get another job, if they manage to do so, it is at a much lower rate of pay than prevailed a year or two ago.

I am all in favour of people being highly paid if they earn it and the taxpayer does not have to pay the bill. Good luck to them; I want more and more of my constituents to have well-paid jobs. But we cannot afford to replicate the high pay of the successful in the competitive sector—freely, out of the money that customers make available—in the public sector, where most of our staff are motivated by a sense of public duty and think that, say, £63,000 a year is a decent rate of pay. They should not need £160,000, £260,000 or £400,000 a year, which now seems to be the going rate for some of these quango jobs.

The Labour Government are rediscovering their socialist roots in a big way in this Budget, but I suggest that they could do themselves a favour by having a new rule in quangoland and throughout the public sector: not to give people salaries above the Prime Minister's level of pay, and to go back to those already on mega-deals and ask them to make a contribution by taking a pay cut or accepting really tough performance criteria so that they have to earn it. We all know that most of those jobs in the public sector have been a joke so far and performance pay has been granted too readily.

Mr. Nigel Evans (Ribble Valley) (Con): I fully endorse my right hon. Friend's suggestion, but should salaries not be pro rata? Some of the chief executives and senior officials of these quangos not only earn more than the Prime Minister, but work only two or three days a week.

Mr. Redwood: My hon. Friend is tougher than I am, but he makes a good suggestion. I hope that Ministers have got the point that the situation is out of control. There are too many of these jobs—many of them are non-jobs—and too many are too highly paid. At this time when we need some restraint, we should try to reduce them.

We in this place also have to make a contribution. My worry about the Prime Minister's YouTube discovery yesterday—I do not know why we could not have been told first, because it is after all a House of Commons matter—is that we are being offered a scheme that on the face of it, although no numbers have been given, will lead to an increase in the total cost of MPs' expenses. That is completely wrong in this climate. The idea that people should be able to get more money just by turning up than they did by handing in proper invoices for things on which they were spending money is for the birds, and I hope that Ministers back off from it as quickly as possible. If they do not, they will find that the public, far from being impressed by the Prime Minister's action, will feel extremely let down that he has discovered another way to pump more money to Labour Back Benchers without any proper accountability.

I guess that the proposal would get more hon. Members turning up at the House of Commons, and that could be a good thing—although, given that we are locked out for much of the time because the Government do not want us to meet, they may decide to lock us out for even more days in the year to try to keep the costs down. That would not be a very welcome development either, so I hope that we can look again at the proposal. We need to show leadership on our costs and expenses, just as we do throughout the public sector.

I do not know about you, Mr. Deputy Speaker, but I feel that we have had a surfeit of glossy brochures under this Government. Day after day, a great pile of them is put on the table in my office. I look at some of them, but most get thrown away. Many are worthless and, if I needed it, I could get most of the information from a simpler source or from a website. All the glossy brochures that Members of Parliament throughout the Commons get day after day are paid for by the public sector. Could we not have a glossy brochure sabbatical, or amnesty? That would be a modest saving, but it would show willing. For example, we could have no more glossy brochures until Christmas, which would mean that the Government could save them up and then issue only the ones that really mattered. If they really do have a wish to tell us what they are doing, websites are so much cheaper, and it would be rather good if they were kept updated.

David Davis (Haltemprice and Howden) (Con): My right hon. Friend is talking about cancelling glossy brochures. May I volunteer the piece of fiction that is this year's Red Book as the first option for cancellation?

Mr. Redwood: My right hon. Friend makes a very good point. There are lots of useless glossy brochures, but even the ones that we want have got glossier, bigger and more unreliable. We need to show a little common sense: the information that we need should be timely and accurate, not produced in this extremely elaborate way.

[Mr. Redwood]

I have many more ideas, but many colleagues wish to speak in this debate so I will not go on at any greater length. My conclusion is that there are three major reasons why this country has been landed in such massive debt. The first is the huge mistake that has been made over the banks. My advice to the Government is to get out from under the bank assets and liabilities as quickly as possible. We cannot afford them, and they will only lose us a bigger fortune.

The Government still do not seem to know what risks they are running, so will they please take action today to start limiting the risks and selling off the assets that they have acquired? Will they also please tell people in the publicly owned banks that they will not be earning £300,000, £400,000 or £500,000 a year or getting mega-pensions as long as those banks are making losses? They are public sector bodies and we are responsible for the money. It is a waste of money to spend those sorts of sums on such banks unless they are going to go back to the private sector immediately and earn their living sensibly. If they do that, and the sort of salaries that I have mentioned can be paid for from private means, I have no problem with them.

The second reason is the violent cycle. We desperately need proper welfare reform from this Government. We went into the downturn with more than 5 million people of working age out of work. That was a disgrace, and it shows what a dear mistake it was to sack the man who was Minister for Welfare Reform at the beginning of this Government, the right hon. Member for Birkenhead (Mr. Field). I think that he would probably have done a rather good job in improving incentives for work and limiting the welfare bills. Instead, we have gone on for years with no proper welfare reform.

The Government have allowed many people to be out of work, for good reasons or bad, and they have not ensured that they were brought into the work force in the good times. We need proper welfare reform so that we can get people back into work more quickly. If the Government do not reform welfare, they will not solve the problem of unemployment and they certainly will not control the budgets.

The third big reason why we are too heavily in debt is wasteful, needless and unnecessary public spending. There are many examples of that, and I have listed some items to show Ministers that we would know what we were doing. They must understand that pretending that there are a few more efficiency savings to be made without naming them is not a good enough answer.

I therefore have one last proposal that would make a big impact on Government budgets over the next couple of years: a complete freeze should be placed today on all staff, throughout the public sector, who do not work on the front line, and that replacements should be allowed only where they are absolutely necessary. If that were done, the Government would soon start to make an impact on the huge increases in spending that they have presided over. There are 300,000 extra civil servants compared with the number under the previous Conservative Government. Why does it take so many more to do a worse job? Of course, that is exactly what happens: the more people who are employed, the more difficult it is to control them, the more things they do that do not need doing and the more money is wasted.

The message is simple: the Government cannot solve a crisis of over-borrowing by borrowing more, or get out of a credit explosion by going on a public sector credit binge. If they take too many chances with the public accounts, there will be a buyers' strike on Government debt. There is already a dangerous bubble in Government bonds which has been brought on by quantitative easing and their monetary antics. That is very insecure for savers and our economy.

As the Leader of the Opposition said, the way out of this problem is through saving, investing and exporting. We have had the years of borrowing, importing and spending foolishly. We now have to pay the bills.

2.46 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): Economic predictions are notoriously unreliable, but few of us at the time of last year's Budget would have imagined that we would be where we are now, with a major share of our banking industry in public ownership and the world in the throes of recession.

The economic crisis began in the financial sector, and I would imagine that most people would agree that we would be suffering a far worse situation had the Government not stepped in to rescue the banks. The scale of the measures taken to save the banks and get them lending again is enormous but, had there not been Government action on this scale, we would have faced the real prospect of a collapse of our banks. Allowing our banking system to collapse following the bankruptcy of Lehman Brothers in the US would have been catastrophic for the entire country. It is important to remind people that these measures were not taken for the sake of the banks but for the sake of everybody in the UK. Had the banks been allowed to fail, the entire economy would have suffered from the impact.

The financial sector is of vast importance to the broader economy, and the current economic problems have shown the degree of interaction between the two. The ill-health of the financial sector caused an acute reluctance on the part of the banks to lend to each other, and to people and businesses. This credit crunch soon put the so-called "real" economy into difficulties, leading to an increasing number of individuals and businesses whose finances look precarious. In addition, lenders stop providing credit to people who they perceive as at risk of being about to go bust. As well as preventing the collapse of the banks, the measures taken by the Government have been designed to get the financial institutions lending again.

There is real hardship—and fear of hardship—as the recession takes its course. My constituents are particularly exposed, owing to the high proportion of jobs in Edinburgh that are in the financial sector. Edinburgh is Europe's fourth largest finance centre. In 2007, 32 per cent. of employees in our city worked in the job category of finance, IT and other business activities, compared with 22 per cent. in Britain as a whole. That is quite a big difference.

A recent study commissioned by Scottish Enterprise projected that the Scottish banking and insurance industry could lose up to 8 per cent. of its work force—that is 24,000 jobs—over the next two years. Unemployment in Edinburgh has indeed jumped: the number of people claiming jobseeker's allowance leapt by 59 per cent. in

the year from February 2008, and the number of unfilled jobcentre vacancies more than halved. There are now nearly six jobseeker's allowance claimants for every jobcentre vacancy, up from just under two last February. While there are signs that the worsening of the economic situation may be slowing down, the economic downturn is far from over and unemployment in particular, as a lagging indicator, is likely to increase for months to come.

We must make a massive effort to identify the lessons to be learned from this crisis, and all involved should accept their share of the responsibility. It is undeniable that events abroad played a major role in igniting the global and domestic recession. In his report published last month, Adair Turner, the chairman of the Financial Services Authority, identified the US housing market as the source of the origins of the crash. However, it is also clear that all was not as it should have been here in the UK. Practices of the banking and finance industries have been roundly condemned and the Government have moved to identify the weaknesses that must be addressed. In addition to the Turner review, David Walker will report later in the year on the banks' corporate governance, and the Chancellor said today that the Treasury will bring forward its own proposals for reform in due course.

The culture of excessive borrowing has also been criticised. We still have huge levels of personal indebtedness. Total net outstanding lending to individuals is just under £1.5 trillion. Consumer spending that was funded by borrowing on the basis of inflated property prices drove our economy to an unsatisfactory extent. In time, as more information becomes available, it will be possible to determine the extent to which the Government and their agencies could have better mitigated the impact of the crisis, especially in the regulation and oversight of the banks.

It is clear that we must help the UK's productive economy—sectors such as manufacturing, food and agriculture, which require support. I would like to take this opportunity to raise again—I have done so in the past two Budget debates—the question of our international trade in goods and services. In the past decade our balance of payments has deteriorated substantially. At current prices, the deficit stood at £7 billion in 1998. That rose to £25 billion in 2003, and the figure stood at £44 billion last year. Of course, the global economic crisis will have an impact on the trade balance. In fact, last year, the balance improved slightly on the previous year. Economic difficulties at home may dampen demand for imports, while the effect on exports of the global slump in demand may be softened to some extent by the recent devaluation of sterling. However, the long-term trend has been one of continued and substantial deterioration, and I encourage my right hon. Friend the Chancellor to address the importance of the trade balance to our economy.

It is understandable that there has been focus in this debate, particularly on the part of the Opposition, on the scale of the borrowing that the Government are having to undertake to fund their programmes, but it is inevitable that Government debt will rise if the Government take action, through tax cuts and increasing public spending, to stimulate our economic activity. The Government were right to take action in recent months to increase demand in our economies. The Chancellor has announced a range of positive measures today that we should all be able to support. These are difficult times. The Government are on the right lines in investing at this time. We need to stay the course and continue to have the courage to invest in our economy.

2.53 pm

Mr. Michael Jack (Fylde) (Con): May I first remind the House of my entry in the Register of Members' Interests? I am a non-executive director of a plc.

The first test that one has to apply to any Budget is a bit like the question that one asks after a Chinese meal: "There is an awful lot of it to digest, but how will I feel in the morning?" The second test is to ask what the reaction was in the House. This Budget got what I might describe as muted applause towards the end. Both the Chinese meal test and the applause test reflect that there was an awful lot of very difficult information to digest.

I was thinking about the Budget and, remembering the time when I was in the Treasury, reflecting on the kind of decision-making process that has to be gone through when a Budget is framed. I was almost stunned mentally by the enormous size of the numbers, and the changes that have occurred in the state of the public finances even since Budget 2008; that is without even commenting on the pre-Budget report. Last year, I wrote an article for my local newspaper, in which I said that between planting my potatoes on my allotment in May and harvesting them in September the world had fundamentally changed, economically speaking. I do not think that any of us have seen such an enormous turnaround—not just in the United Kingdom economy but in the global economy—involving such very large numbers in so short a space of time. It takes a long time for the public to come to terms with the enormity of what has occurred.

The Chancellor was almost emotionless in his delivery; he read out the Budget a bit as though it were the annual statement at the annual general meeting of some great corporation. The attitude was, "We've got everything under control. Fingertips are on the pulse. We have understood the numbers, and we have got the model working. Everything is all right. In about 2015, all these problems will be over." It was just surreal. It was too serene and did not, in my humble judgment, reflect the reality and the pain to which the real economy is having to adjust in a very short space of time.

At Prime Minister's Question Time, the Prime Minister denied to my right hon. Friend the Leader of the Opposition that boom and bust was the busted flush. That was not looking reality in the eye. Let us spend a moment analysing what the former Chancellor of the Exchequer used to say. When he said, "I'm bringing an end to boom and bust," fundamentally he was trying to say, "I'm going to restructure the economy. We're not going to do what previous Administrations did. We're not going to put the economy at risk." However, if we look in the Red Book, we see a rising trend in the percentage of gross domestic product that was used for public expenditure before the recession. That brings to mind that much-used but now rapidly discarded word, "prudence". It indicates that what perhaps was a responsible start to the former Chancellor's regime rapidly went off the boil when public expenditure and borrowing got out of control.

I want to speak on the theme of what I consider to be a failure of economic intelligence-gathering. A number

[Mr. Michael Jack]

of colleagues in the House looked askance when the Chancellor said that the year after next, there would be 3.25 per cent. growth in the economy. They thought that that was absolutely for the birds. In fairness, if we look at the National Audit Office report issued with the Budget, which talks about the assumptions, we see that there are some reassuring words in there, suggesting that the Treasury may have got it right. I have to say that I find that very difficult indeed to accept.

I note with interest that the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), who has responsibility for defence procurement, is on the Front Bench. Newly ensconced in his role, he will understand the amount of money that is being spent on military intelligence-gathering. He will also understand the absolute importance of that intelligence-gathering if we are to configure our military forces' activity properly. When I was in the Treasury, the Bank of England had its agents who went around the country getting a feel for what was happening in the economy, so that they could advise the Governor on what was going on, and what advice he ought to give—this was before the Monetary Policy Committee—on the setting of interest rates.

Those agents still exist, but I question the intelligence that they and the Treasury are getting, and indeed the foreign economic intelligence. A great deal was going on in the world of banking, and new financial instruments were being created. Last year, in my Budget remarks and the Budget remarks of colleagues, we talked about the beginnings of the credit crunch and toxic loans. We looked at some of the first estimates of how much that was costing American banks. One wonders what went wrong in spotting what was going on, spotting what the decision-making process was, and spotting what the effects of the new financial instruments, and the new things that were happening, would be on the overall economy. I say to those on the the Treasury Bench that in the light of what has occurred, the speed with which it has occurred, and the impact that it has had, there needs to be a fundamental reappraisal of the collection of economic intelligence if we are not to be caught out again.

In his Budget speech, the Chancellor put a lot of emphasis on improving the busted flush of tripartite regulation in our banking system. However, it was not so much regulatory failure that caused the problem in the first instance; it was the decision-making process in so many high-powered financial institutions on both sides of the Atlantic that fundamentally led us into the mess that we are in. If they had had better decision making or a less risk-averse approach, we might not be in this mess. I am all for making certain that regulation plays its part in protecting the public interest, but ultimately it is the decision-making process that got us to where we are. We need to understand what went wrong, and banks and financial institutions will have learned a bitter lesson and will now understand the need to improve their decision-making process.

In the Chancellor's remarks he commented on the need to get the banking sector back into good order. I do not disagree with that. However, the Chancellor was somewhat sparse on what is really happening in that sector. I shall dwell for a moment on that because it still has a fundamental potential for impact on the ability of the economy to recover. The Chancellor did not talk about the fact that foreign and secondary banking in the United Kingdom is effectively over. Those banks have pulled out of our banking system, and the burden of dealing with the economic consequences rests fairly and squarely on the major clearing and investment banks that are UK based.

The difficulty for those banks is that although their balance sheets have improved, and some of them have been stress tested and some of the news has been reasonably positive, there is still an innate nervousness in the banking sector about what may yet happen in terms of the toxic assets that are still out there, which are impossible to value and which may still have the potential to have a serious adverse effect on the world of banking.

As risks increase in the world of banking, so the capital provisioning to cover those risks on bank balance sheets must increase. As a result, the cost to industry of financing its future needs and the ability to provide the liquidity for those future needs becomes ever more testing. Although the Government have done something towards the emergency shoring-up of bank balance sheets, there is still considerably more work to do if we are to get the liquidity flowing at a price that business can afford.

In fairness, the banks are finding that their own lending one to another, though improved, is still costing them a lot of money. There are still difficulties out there if the economy is to recover. I say to the Treasury, and through the Treasury to the Bank of England, that there is still much work to be done if the banking system is to get back into operating properly.

Mr. Ian Taylor (Esher and Walton) (Con): Will my right hon. Friend also take into consideration the difficulty that the banking sector is having with the accounting regulations that relate to market to market, which effectively exaggerate the downgrading of a bank's assets and therefore reduce the amount it can lend?

Mr. Jack: My hon. Friend makes an important point. Although there have been some beneficial changes in that situation from the point of view of American banks, is it a matter that affects not only banks, but companies with various financial instruments. Those companies are also having to make balance sheet provisions, which may upset, so to speak, the way that they present their trading circumstances to the wider world when they have to make such accounting provision. What we see is the unwinding of those very difficult positions. Unless banking gets back into good order, we will not see the rate of recovery that the Chancellor hoped for.

Ms Sally Keeble (Northampton, North) (Lab): The right hon. Gentleman is making a very interesting speech on a matter that the Select Committee is considering. Will he give full credit to the Government for the asset protection scheme and, through the Bank of England, the asset purchase facility, which between them have done a huge amount to clear some of the toxic assets off banks' balance sheets and get liquidity starting to flow back and starting to produce results in the lowering of long-term interest rates?

Mr. Jack: I acknowledge that a sensible series of measure were introduced to address some of the balance sheet difficulties encountered by the banks. Bearing in mind that if something of the order that the hon. Lady

mentioned had not been done, bank collapse might have been reality. We have staved that off, but we still have some way to go.

May I raise one issue which I think is interesting? There have been calls already in the debate for greater information about what is happening. My right hon. Friend the Leader of the Opposition listed many Government scheme that he believes are not working and not delivering results. On the other hand, the Chancellor enunciated and re-announced a further set of schemes. It is extremely difficult to know what is going on. Interestingly, a FTSE 100 company has to report to the City on a quarterly basis. It has to tell people what is going on. It makes a statement to the City because it is of material interest.

We in the House of Commons have, in effect, two bites at the cherry in debating and dealing with the economy. We have the pre-Budget report, and sometimes it is difficult to get a debate on the economy after that report. Apart from that, we can ask the Chancellor a few questions. Then there is this debate, which lasts for four parliamentary days. After that, apart from Treasury Question Time, we cannot have a discussion on the topic most central to all of us, except in an Opposition day debate on the subject.

Ministers on the Treasury Bench ask companies to pay their corporation tax on a quarterly basis. They are happy with major companies making statements to the City on a quarterly basis, so why cannot we have a quarterly statement to the House of Commons of what is happening, particularly at the current time? The Government owe it to the financial community to report with greater regularity on what is happening in the economy. Why we are sceptical about some of the numbers in the Red Book is that enormous sea changes occur between one set of forecasts and another.

I had a look at table C3 in the latest Red Book. When I see the difference even between the pre-Budget report in terms of the borrowing figures and the figures that are now projected, I discover that in the financial year 2010-11 there has been a change of nearly 65 per cent. in the amount of money projected to be borrowed. For the next financial year, 2011-12, the projected degree of change is nearly 71 per cent. All I can say to the Treasury is that I am jolly glad it does not run a real business. If it was the finance director of a real business, or the sales director, and it came along and said, "I'm sorry, boss, I've got the sales figures over 60 or 70 per cent. out," it would be going out of the door rather rapidly.

It is no wonder people are sceptical about some of forecasting that goes on when that degree of difference is presented on a year-on-year basis. That is why quarterly reporting is needed, so that we do not have to deal—*[Interruption.]* The Minister says, "Rubbish." He is right—economic rubbish. From the mouths of babes and sucklings on the Treasury Bench, we have the magic word "rubbish". That is the problem. Unless the Treasury updates and reports on a regular basis, people will think the figures are rubbish, because the degree of difference between the previous and current projections is so enormous.

May I comment on one aspect of the Budget that I very much welcome? The Economic Secretary to the Treasury and Under-Secretary of State for Business, Enterprise and Regulatory Reform is present. When he made his statement on the motor industry, he announced that the Government were working on a trade credit insurance scheme. I know that it has proved particularly difficult to find a mechanism for doing that, but I am delighted that a scheme now exists. I look forward to learning more about the details.

I hope the focus of the scheme will be on the small and medium-sized industry, which is finding trading without that facility extremely difficult. There is a real urgency to get the scheme off the ground. I hope that at some stage in the course of the debates we might hear a little more about the timing. If the Minister wants to intervene and tell me a little more about how it will work and when it will happen, I shall be happy to give way. I see that so far he has not taken that opportunity.

I shall move on to the Budget's contents for savers. I welcome the fact that people will have an opportunity to save a little more with their ISAs, but, for many hundreds of pensioners in my constituency, if not thousands, low interest rates in the real market have had a devastating impact on their standard of living. It is difficult for them to find an outlet where their money has security of tenure and can earn more than 3 per cent. It is interesting to note that one sector of the financial world where such returns can be achieved, however, is in corporate finance. The ratings agencies' opinion of some corporate bonds is still very high, and the coupon that they pay is attractive. However, it is a sophisticated area of investment, and not one that is easily accessible by the citizen who wants security for their savings while craving a better rate of return.

I put it to the Economic Secretary that, between now and the Committee stage of the Finance Bill, he might like to think about carving out a special ISA that would be underpinned by the Government and enable people to put some money into corporate bonds. That would have certain advantages: first, people would receive returns tax free; secondly, if the Government could underpin the measure initially, it would have a degree of security; and thirdly, pensioners could access a higher rate of return. The latest corporate bond rate for Tesco, for example, is about 6 per cent. and, for BMW, it is about 5 per cent. There are other really good, gold-plated private companies offering to pay above the market rate, but it is difficult for the citizen to access that asset class.

Perhaps the Treasury will consider a meaningful way to improve returns for savers by carving out a special additional ISA category for that type of investment—particularly for the older pensioner. I notice that the Chancellor, in making the changes to ISAs, distinguished between people above and below the age of 50. The people about whom I am talking are the recently retired whose pensions have suffered because of what has occurred. They desperately need a higher and better source of income, and I believe that that is something to be sorted out.

May I raise with the Treasury Front-Bench team one or two specific points? The Chancellor seemed to assure us that, if the retail prices index was recorded as a minus figure in September, pensioners would not lose out, but I was not sure whether he said that there would still be, for example, a 2 per cent. increase in their pensions in real terms or in percentage terms. We need some clarification of what is going on, because, as I understand it, technically speaking, pensions could decrease

[Mr. Jack]

this year if the RPI formula is followed. Many people will be unclear as to precisely what the Chancellor meant.

I welcome the investment announced in green energy, which is certainly to be applauded, but the Select Committee on Environment, Food and Rural Affairs, which I have the honour of chairing, will produce a report fairly soon on fuel poverty, so I counsel the Treasury to wait until we have reported before looking at exactly how it will spend the additional moneys, particularly on domestic energy efficiency, because we will highlight a better and more focused means of spending the money to address our current difficulties.

On Monday 20 April, the *Financial Times* made a simple but none the less profound statement in one of its leading articles. Addressing the question of public expenditure, it said that

"the UK must start a national debate on fiscal priorities."

Although it is easy from the Opposition Benches to pick schemes such as ID cards, or anything else on which we do not think we should spend money, it must be noted that this country has not discussed what the state should spend taxpayers' money on. What are the fundamentals? I think that the public are open to a candid discussion, but I am worried that, given the electoral cycle, with a year to go until an election, both Front-Bench teams will be very nervous about discussing the unthinkable—about cutting back on public expenditure. However, I do not think that the public, who want to know the situation as it is, are so fearful that they could not express an opinion about what should occur.

The reason I mention the issue is that about one third of public expenditure is on social benefit payments, and, understandably in the current circumstances, that is difficult to change. In fact, we are increasing support through the tax credit system. Therefore, when we look at what is left, the two thirds, we realise that we do not have a lot left to reduce. We need a discussion about what reduction the public would stand either in absolute terms or at the current rate of increase in planned expenditure. I ask the Government to do that, because I notice that, for example, in table A1 of the Red Book, they already seem to have made a decision to reduce to the monetary sum of zero the reserve support for military operations. I am intrigued to know why our forces will seemingly have no reserves to call on from financial year 2010-11 and thereafter. The Government have rather cunningly hidden away in that table what appears to be a large cut in potential public expenditure. They have done that without any discussion, however, and I think that the public would like to know what that decision means for our armed forces. Against that background, let us also have some candour about the standard of forecasting.

I shall conclude by considering some growth projections, however. Let us compare the previous Budget's growth projection for the current financial year of plus 2.5 per cent. with this Budget's projection of minus 2.75 per cent. The 2008 Budget document projected next year's growth to be plus 2.5 per cent.; now, it is projected to be plus 1.75 per cent. The fantasy world starts in 2011-12, because whereas in 2008, the projected growth figure for 2011-12 was 2.5 per cent., we are now asked to believe that, then, the economy will grow at 3.25 per cent., which is about three quarters of a point above the trend rate of growth for the United Kingdom economy.

Notwithstanding what the National Audit Office said, I see the hand of a particular kind of Treasury discussion around such forecasts. Officials turn up, saying, "Here you are, Chancellor: here's the macro-economic model; we've done our sums; this is what's going to happen." Then, we get the political horse-trading, when the Chancellor of the day says, "Hmm, well what does perhaps another quarter point on growth mean in terms of either increasing tax revenues or reducing the borrowings? How much can I tweak these numbers so that the figures don't look in the real world quite so bad as the economic model suggests?"

I am afraid that asking us to believe that 3.25 per cent. growth is do-able for the period to which the Red Book refers calls into question some fundamentals of the recovery programme that the Chancellor sketched out in his Budget. There is a basic need to consider very carefully how such numbers are put together, because they fundamentally determine the outward projections of the state of the British economy. If the Treasury gets them wrong in the next 12 months to the degree that it got them wrong in the last 12 months, I am afraid that, while President Obama may talk about glimmers of hope, we may be talking—if we are still here in 12 months' time—about glimmers of true disaster.

3.19 pm

Sir Stuart Bell (Middlesbrough) (Lab): I say with all sincerity that it is a great pleasure to follow the right hon. Member for Fylde (Mr. Jack), who made pertinent and sensible points. He talked a lot about forecasts. As a Member who is a bit of a sad case, I spent some of yesterday evening reading the noble Lord Healey's autobiography "The Time of My Life", in which he was critical of the forecasts that he got as Chancellor in 1974, 1975 or whenever it was. He said that all the errors that he was making—he writes about them quite freely—were due to the fact that the forecasting was all wrong, or at least very far wrong. The right hon. Gentleman discussed coming back from working in his garden and finding that the forecasts had changed, and he was absolutely right about that. I call it "the complexity of Budget ratiocination". Budgets are extraordinarily complicated—how they are put together is something of a miracle.

At the beginning of his speech, the right hon. Gentleman put forward the example of a Chinese meal—the time it took to figure out, the indigestion and the rest of it. That reminds me of Rab Butler's comment as Chancellor of the Exchequer. He said that it takes about six months to figure out the Budget. By the time we get round to figuring it out, it is time for the next pre-Budget report.

I certainly agree with the right hon. Gentleman's sentiment that we do not have full economic debates here—but then we do not have full debates at all. The right hon. Member for Wokingham (Mr. Redwood) was saying how we could save £5 billion by getting rid of the identity card scheme, but nobody mentioned saving £5 billion by getting rid of Trident, for example. I am not suggesting that we should, but I am saying that there is a debate. If we have a debate about the economy, we ought to have one about the country. We were asked

what would happen to businesses if business forecasts were way out. The Government's difficulty, however, is that they have to run a country. One of the points that I make—it links in with what the right hon. Member for Fylde said—is that we need a debate on our economy and country, on where we are and where we stand. We could take that opportunity, given that we are coming up to the second decade of the 21st century.

The right hon. Gentleman also mentioned boom and bust. This is the first Budget in 12 years of a Labour Government that has come in a recession. I am willing to accept that the boom period began under the right hon. and learned Member for Rushcliffe (Mr. Clarke). We had a period of stability that we could call a "boom". Now, however, there is a global recession, and that is a fact no matter how we debate it. It affects Germany, France, Italy, Spain and the United States. Some 20 million workers in China are losing their jobs. As I mentioned, I am a sad case—I have also looked at the Brazilian economy and what steps the Brazilians are taking to face the recession. However we look at the issue, we cannot get away from the fact that this is the first global recession that we have seen.

Lembit Öpik: I studied economics for a time at university, and it seems to me that we have to accept that forecasts are, to a large extent, guesswork, except in periods of extraordinary stability; the variables far exceed our understanding of them. Does the hon. Gentleman not agree that, if there are large swings between periods of contraction and expansion in the economy, one of the biggest dangers is that demand and supply will get out of kilter and there will be increased oscillation? In simple terms, if the forecast is correct, we could go from a period of dramatic contraction to one of dramatic growth. That might create future instability and perhaps an even bigger crash.

Sir Stuart Bell: The hon. Gentleman is right about forecasting, but forecasting moves around. The forecasting in the press today, which was confirmed, was that we would have a fiscal deficit of £175 billion; yesterday's *Daily Telegraph*, however, forecast one of £200 billion—that is, £25 billion more. That was another forecast. I am grateful to the hon. Gentleman for giving me the opportunity to cite the latest forecast of the ITEM Club—when it suits the newspapers, it is the "respected" ITEM Club; when the club does not please them, they do not refer to it. It is simply a forecasting club, which uses the Treasury model. It is Ernst and Young-based; I used to represent that institution, although I do not any more, so I declare that non-interest. In its spring forecast published today, the ITEM Club identifies

> "signs that the financial situation is stabilising and credit conditions and confidence are starting to improve, partly in response to the vast resources which government has thrown at the problems."

The ITEM Club has some merit, although that will not necessarily be reported tomorrow.

Before I move on from the speech made by the right hon. Member for Fylde, I should say with the utmost sincerity that he made a fine point. I am the Second Church Estates Commissioner and have to look after the portfolios of the Church of England. The significance of corporate bonds and their returns is not lost on me, nor on the sophisticated investor. One can get a fine return. The right hon. Gentleman mentioned Tesco, and I can say—again, as a sad case—to him that Gazprom is paying 6 per cent. on its corporate bonds at the moment. Linking an ISA with that market is not a bad idea, and I hope that the Treasury will take it up. It is one of the most constructive ideas that I have heard from a speech on the Budget.

I forgive you, Mr. Deputy Speaker, but I was sorry that you did not call me immediately after the speech of the right hon. Member for Wokingham. His speeches are a centrepiece of the Budget debates in the House, and his one today would have been excellent—if it had come from the Republican party in 1930. It would have been a fine example of Republican sentiment. He said that we should not have saved the banks; in the 1930s, the United States refused to save the banks and 12,000 of them went to the wall. We had six or seven years of recession, which became a depression. Truth be told, we got out of it only because of the second world war.

The idea that we should not have saved the banks was excellent: every bank in the country would have failed. In his mild way, the right hon. Member for Fylde contradicted the right hon. Member for Wokingham by mentioning inter-banking. The inter-banking business in the banking sector is such that if one major bank, such as the Royal Bank of Scotland or Lloyds, had collapsed, every bank in the country would have gone. Let us make no bones about it—every depositor in the country would have lost their money and we would have had the most enormous crisis. The right hon. Member for Wokingham seemed to overlook that point—"Let the banks go, and let the markets take their toll." That was not an option for the Government.

David Davis: This is not just a yes-no issue. The Government's whole approach to dealing with the banks has been similar to that of the Japanese Government nearly 20 years ago. The alternative is to do what the Swedes did. They identified the bank losses that were beyond recall and rescued the banks that could be rescued; they defended the system rather than individual banks. The question is not about whether to defend the banks but about how we can most economically rescue the system and then return to a system of financial confidence.

Sir Stuart Bell: I agree entirely with the right hon. Gentleman, but the luxury of that kind of reflection was not available to the British Government—and was certainly not available to the United States Government when they allowed Lehman Brothers to collapse. The Chancellor referred to that event in his statement. The markets were in difficulty as a result of the sub-prime mortgage crisis. However, allowing a bank of the stature of Lehman Brothers, which was the landlord of a building in Canary Wharf, to collapse sent the economy of the United States and the rest of us into recession. That was the one significant event, and, to get back to the right hon. Gentleman's point, the US Government did not have the time to think it all through, just as we probably did not.

What we had to do, which the Government did, was to work on the principle that we had to save the banks even if it meant nationalising them. We made the commitment at the time, and we repeat it, that the time will come when we will return those banks to the private sector. The right hon. Gentleman's point is a good one.

[Sir Stuart Bell]

We did not have time to think, but the result was what we expected and wanted. No investor in any bank in our country has lost a penny. We should not overlook that fact but repeat it at every opportunity.

Mr. Mark Field: On the question of no investor losing money, shareholders have lost an enormous amount of money in the banks. I accept that bondholders have not; that is an issue that my right hon. Friend the Member for Wokingham (Mr. Redwood) would take some account of. Clearly, depositors have not lost money, but shareholders—the real investors in banks—have lost tremendous amounts over the past year.

Sir Stuart Bell: I entirely agree with the hon. Gentleman's point. I was talking about investors who had savings—deposits—in banks. If you are a shareholder, Mr. Deputy Speaker, you pays your money and you see the show. Twice in my life I have sat in a hotel room looking at *The New York Times* and discovering that my shares had lost half their value—not once but twice. I know all about it. I put my money on the stock exchange and lost it, and I then decided to wash my hands of the whole thing and never invest again. I am therefore sympathetic to those who lose their money on the stock exchange, but I do not put them in the same category as those who have investments—money deposits—in the banks, and those have been saved.

The right hon. Member for Wokingham—I apologise for continuing to refer to his speech, but it was so excellent that I cannot really not do so—talked about boom and bust. He had huge criticisms of off-balance sheet financing and the private finance initiatives that we launched as a Government in 1997. I am proud of the fact that the very first public-private initiative that we launched was to build James Cook university hospital in Middlesbrough, which is now the finest regional hospital in the area. When I first became an MP, people had to go to Newcastle for a heart operation; now, they come from Newcastle to us. The Duke of York came to open it, and I was very proud to be there. That was an example of the off-balance sheet financing and public-private initiatives which we as a nation can afford and which render a significant service to our economy.

The right hon. Gentleman talked about the retail prices index, and said that we moved from one form of evaluating inflation to another. In fact, the Chancellor referred both to the retail prices index and to the fact that the inflation rate under that indicator was 3 per cent., so it is not overlooked at all.

The right hon. Gentleman made no mention of the global recession: we were an island surrounded by fishes, to be sure, although the fishermen are complaining about the fisheries policy. In fact, we are not an island—no man is an island unto himself—but part of the global economy. He did not mention the 20 million people in south China who have lost their jobs or the 500,000 people a month losing their jobs in the United States. People refer to our unemployment rate rising to 2.1 million, but in 1983 I fought a general election, which the Conservatives won, with unemployment at 3 million. Unemployment was never a political issue. Even in the '30s, when we had the Jarrow march, the Conservatives still won the election of 1935.

Mr. Ian Taylor: I cannot resist intervening on the hon. Gentleman to remind him that next year he will probably be fighting an election—or at least the Labour party will—with 3 million unemployed.

Sir Stuart Bell: I will refer to the forthcoming general election later in my speech. Clearly, this is a great day for the Opposition. They have never had to speak in the House on Budget day under a Labour Government when there has been a global recession. I can well imagine that they will make as much hay as they can while the sun shines. I would not say that that is wrong. We would have done exactly the same—we probably did, and were then disappointed when the election results came in. Who can tell what may be the case next year?

The right hon. Member for Wokingham talked about the public sector borrowing requirement. He made a huge distinction between public sector and private sector workers. I am not sure that those who work in the public sector would be very happy about that. In Middlesbrough, we have public sector workers in health, education, social services and local government. They are there not only to serve the community but to help the disadvantaged people in that community and to try to get them into work. One cannot balance public and private sector workers like some kind of see-saw. They are all a significant part of our community and society.

Getting back to when there was a Tory Government, when I was a city councillor in Newcastle, Michael Heseltine was Secretary of State for the Environment and came up there. We had 20,000 workers working for the council and he said, "I want it reduced next year." When he came back the next year he asked, "How many do you have?", and we said, "22,000." It is not as easy as simply saying that we should get rid of people from the public sector and put them in the private sector. That is not a possibility, as there has to be a balance in society between the public and the private. The right hon. Member for Wokingham missed that.

It seems a long time since the leader of the Liberal Democrats, the right hon. Member for Sheffield, Hallam (Mr. Clegg), spoke. He began by talking about the best of times and the worst of times. It was not lost on us that he was referring to the opening sentence of the novel by Charles Dickens, "A Tale of Two Cities". He did not really take us very far or make a contribution that I would wish to refer to. If I had a reference to it in my notes, I have lost it, so I shall have to move on.

My right hon. Friend the Member for West Dunbartonshire (John McFall), who is not in his place, mentioned the section of the Budget about banking and the business community. He said that there were difficulties in the banks getting money to the business community and that the business community was not getting the service that it required from the banks. My information is that that situation is easing now, and that the lack of confidence in the business sector is holding up the traffic between the two. Getting confidence back in the business sector will be a major element in restoring some kind of equilibrium.

It is very clear that we will never go back to where we were before. A comment was made about people not getting overdraft facilities, and those days will not necessarily come back easily or quickly. One Member asked whether the sovereign debt market can absorb the amount of

debt that is on the market and coming through in bonds. I have to say that all the studies show that the market is holding up well. The ratings agencies are still giving us triple A ratings, and the essence of the Budget is to balance out what we are doing in the short term, how we will deal with the situation in the long term and what the markets foresee. By the markets, I mean business, private and international investors in our community. I was with a major state investor last night, who told me that they were very confident in the British economy and were keeping their investment going.

The Leader of the Opposition asked whether there was an additional fiscal stimulus in the Budget. There is a fiscal stimulus in it, but it is small compared with the major ones. However, it is there—there is £2 billion for one particular project, but I did not quite catch which one from where I sat. In my view the fiscal stimulus has gone as far as it can go, and I would not wish to see any further fiscal stimulus at this time. The balance is right between the stimulus in the economy, how we project ourselves forward and how we pay for our debt as time goes by.

As I said to the right hon. Member for Fylde earlier, in considering how a Budget looks we have to look perhaps 10 months or six months into the future. A Budget has many facets, and we will have to assess the full significance, impact and importance of this one in the current climate of economic downturn. That is the essence of it all—we must have a strategy, and the Chancellor put his strategy forward. The essence of it is the core values of fairness and opportunity.

In considering the Budget, we must ask whether it is good for families. Is it good for those in employment? Is it good for helping those who have lost their jobs back into employment? Does it stimulate the economy and reform our taxes? How is it received nationally and internationally, and can it have the confidence of investors? At a time when public debt has risen to accommodate the recession and to lessen its impact, how does the Budget reassure the markets in the medium and long term? My assessment is that the markets will be reassured by the Budget. They will see that the Government are taking responsibility at this difficult time. In my view, the Budget lays the framework, not for now until the next pre-Budget report—it is a Budget that defines the economy's direction not for a year, but for several years.

The hon. Member for Esher and Walton (Mr. Taylor) mentioned the general election. The Budget does not set the scene for a tax-cutting Budget next year; that was never on the cards. We know that next year is an election year, but we have already announced increases in income tax and national insurance for 2010-11 and 2011-12, and the Chancellor said that he would raise the higher rate of tax from 45 to 50 per cent. for the 1 per cent. who are the country's highest earners. I believe that that will be well received in the country; it is an appropriate measure at this time.

On competitiveness, the Budget must be construed not as a stand-alone, but in conjunction with the policy of the Department for Business, Enterprise and Regulatory Reform. We did not hear much about the industrial side of our policy today, but Lord Mandelson explained it in his policy paper "New Industry, New Jobs", which calls for the development of industries such as biotechnology, high-tech manufacturing, green technology, advanced materials and carbon capture and storage. The Chancellor referred to them all.

The House should welcome the emphasis on new industries and the proposals for a 3i-style investment fund. The original 3i fund was set up in 1945, with £10 million of finance, and has since expanded to incorporate £6 billion of assets, including venture capital buy-outs and investments worldwide. The new vehicle, which is putatively an industrial and finance corporation, will be ideal for balancing the demands of industry with those of the banking sector, thus creating equilibrium. I agree with Richard Lambert, director general of the CBI, that the fund should have a financial base of at least £1.5 billion. I am sure that he will welcome the scheme on behalf of the CBI, as should the Institute of Directors, which pressed for it in the first place, and has done since Lord Mandelson was appointed to his high office.

Only the right hon. Member for Wokingham used the dreaded word "socialism" in this august Chamber. We may hear it more later, but he is the only Member to mention it so far. However, I welcome Lord Mandelson's proposals and the fact that his concept of industrial activism and policy accepts that the so-called free market, unfettered, cannot pull the economy out of a recession. We cannot go back to the proposals of the right hon. Member for Wokingham—I have a mild obsession with him and his speech. He had the wonderful view that everything should be left to the market—which reminded me that when we set up the Financial Services Authority some years ago, he opposed it because he believed that the market should be unregulated. We have moved away from that. The view of the G20 is that a free and unfettered market is not the way forward for an economy. I believe that we have learned the lessons of the 1930s: that message emerged from the G20 meeting in London.

However, I stress the difference between intervening in a country's economy to give it direction, and interfering in the marketplace. We make a distinction between intervening and interfering. We do not believe in interfering in markets, but they should be given a proper direction, especially in a global recession. We want markets to evolve, with flexibility, in a global environment. The right hon. Member for Wokingham mentioned the European Union, even in the Budget debate. He criticised the Government for allowing a portion of the rebate, which Lady Thatcher negotiated some years ago, to be returned. We must admit that we did that. We paid some of that rebate back—we own up to that—and we did it to help eastern European countries that are much poorer than we are. The right hon. Gentleman said that we gave the money to countries that were richer than us. That is not the case. We gave it to countries that were less rich than us, as part of the European Union concept. In order to deal with the irrational exuberance of the markets that has led us to the predicament that we are in, we need the economic and industrial activism that we have now heard about.

I want to refer to the north-east of England. My right hon. Friend the Member for Edinburgh, East (Dr. Strang) referred in his speech to the situation in Edinburgh. We have to look at where we are in the north-east. Let me start with our steel industry. Although we accept the concept of a new economy, with biotechnology and the way in which environmental issues affect the economy,

[Sir Stuart Bell]

we must not overlook the fact that steel was once the backbone of the north-east of England, along with coal and shipbuilding. Teesside Cast Products is a producer of steel on Teesside. The plant reduced output by 30 per cent. at the end of last year to safeguard jobs in the short term. At present there are talks between management and unions to revisit the company's cost structures.

In their overall Budget strategy and their emphasis on new industries, the Government must not overlook traditional industries such as steel which provide work and which, in some cases, are the backbone of the local economy on Teesside. I fully accept the Government's position that subsidising wages in any sector during a downturn would be untenable. Rather, the emphasis is, and should be, on youth employment schemes and on getting young people who have lost their jobs back into work as quickly and efficiently as possible.

The Secretary of State for Business, Enterprise and Regulatory Reform and the Prime Minister were in Loughborough on Monday making important speeches that set the background for this Budget. The Prime Minister said that we have to ensure in the present recession that a time of crisis is a time of opportunity—those are my words, not his. We should use this opportunity to make our economy more competitive. Such competitiveness lies with the development of a skilled labour force, transport infrastructure and innovation.

On infrastructure, building on the Prime Minister's speech on Monday, as well as the contents of the Budget statement, I invite the Government to take on board the proposed Tees valley metro scheme. It is a project that would put £30 million into improving our rail network on Teesside and would underpin our planned regeneration at this time of recession, with a £50 million investment in the Darlington-Saltburn line and a £130 million investment in the Hartlepool-Nunthorpe line, a major infrastructure project in keeping with the Prime Minister's thoughts this Monday.

The Government can make a start by sorting out who pays the £1.5 million for design work that could be included in a regional programme and the appropriate appointment of a senior responsible owner. Both matters have been discussed with Lord Adonis, the Transport Minister, and would be fully in keeping with the aim of the Budget, in maintaining our competitiveness, strengthening our infrastructure and ensuring that Teesside remains an attractive venue for business.

I would like to touch on the scrappage deal—but first I welcome you to the Chair, Madam Deputy Speaker; you came in silently, but it was noticed. Talking of Teesside, I welcome the proposed scrappage deal, although I would have preferred a more elegant title to describe the proposal. I am reminded of a comment that the Leader of the Opposition made in his speech. He castigated the proposal and called it everything under the sun, but his comments were churlish, curmudgeonly and not thought out.

In my area in the north-east of England alone, there are some 2,000 workers who work in car dealerships. They will be very grateful for the so-called scrappage deal, which gives a £2,000 discount for trading in cars more than 10 years old. The scheme has worked in France and Germany. Just to amuse the right hon. Member for Fylde, who produced a copy of an editorial this week from the *Financial Times*, I can say that I agree with Brian Groom of the *Financial Times* that "scrappage deal" is not a very good name for the scheme. He said that it should be called a "car scrapping deal"—but you have to say that very carefully, Madam Deputy Speaker, because it could come out in a different form, with different connotations; I will leave it to *Hansard* to work out what that might be.

In one car dealership in Middlesbrough alone—Jennings of Middlesbrough—there are 470 people who work there, and throughout the north-east. It invests in the latest equipment and it services and maintains our cars and vans. This helps to make our small and medium-sized enterprises viable. Anything that helps such businesses to continue, including the scrappage deal, is welcome. I predict that while it is available, it will have the same impact as the similar schemes in France and Germany, and that the 30 per cent. loss of sales by car dealers will be rectified. We should not overlook the fact that our car dealerships play their part in the local community. They are, for example, investors in local charities. This will be a welcome proposal for them.

We heard a brief reference earlier to how VAT had been reduced by 2 per cent., and how that measure was time-limited, as the car scrappage deal will be. However, the Centre for Economics and Business Research has shown that the VAT reduction has boosted retail sales this year by £9 billion. So it has had an impact, and that will continue. I promise that I will make no further reference to the right hon. Member for Wokingham after this one—but he mentioned the green shoots of recovery, a phrase that goes back to Lord Lamont. It is, of course, metaphorical, as are such phrases as "stepping up to the plate" and "throwing a curve ball". These are all part of our literary debate in the Chamber, and they widen the debate on economics and finance.

The Group of 20 has met in London, and global measures have been announced. We are using the lessons learned from the depression of the 1930s. It is a measure of our times that the following statement by David Miles, the newest member of the Bank of England's Monetary Policy Committee, was to be found in a paragraph tucked away on the inside pages of a local newspaper:

> "Economic history teaches us that a combination of tax cuts...cuts in interest rates and more quantitative easing is likely, with a certain time lag, to have a substantial impact on demand in the economy and it may well be that the worst of the recession may well be behind us".

He went on to say that that was

> "not a confident prediction but a judgment about what may be the case."

It is certainly the case that the Opposition will have a field day with regard to the time lag, but trying to invest several billion pounds in an economy takes time. The Conservatives might make hay while the sun shines—to use another metaphor—but in the long term, the proposals will work.

I want to refer to the north-east again. Figures from the Royal Institution of Chartered Surveyors show that house sales in that region have increased for the third consecutive month, and new inquiries have increased for the fifth consecutive month. I must contradict my right hon. Friend the Member for West Dunbartonshire, who talked about the demise of the Royal Bank of Scotland. It has 170,000 workers, and data provided by

the bank for studies in the north-east show that following a reduction in private sector business in March, the level of the reduction has eased markedly. Things are moving in our area.

Much has been made of the public deficit amounting to 11.9 per cent. of national income, and of the need to reduce it over the medium and long term, but nations that have paid for wars—and world wars, at that—will not have any difficulty in easing their deficits when the time is right, when recovery is well established and there are no sudden lurches. That is, I believe, the essence of the Budget. When President Clinton came to office, he had to deal with the mighty deficit left to him by President Bush senior, but his Administration overcame that. To please my hon. colleagues on the Conservative Benches, I will also mention Lady Thatcher. We fought the election in 1983 with 3 million unemployed. She brought public spending down from 48.1 per cent. of national income in 1982-83 to 41.6 per cent. in 1987-88. As I said earlier, I fought that election with 3 million people unemployed.

To come back to the point made by the hon. Member for Esher and Walton, the idea of an election seems to haunt this Chamber. Every Opposition Member seems to be obsessed with a general election, but whenever it comes and whatever the outcome, it is not relevant to this debate. What is important is that the Government of the day take the measures that they must, to see the country through the recession.

The right hon. Member for Fylde mentioned the need for a debate on what kind of country we are economically, and I would welcome that. If one ever wanted to know what the Conservative philosophy was, it could be heard from the right hon. Member for Wokingham. If he has his way, our public sector and our banks will disappear, the EU will descend under the North sea and we will all be happy citizens of the realm.

Julia Goldsworthy (Falmouth and Camborne) (LD): I am listening carefully to the hon. Gentleman, and I agree that the Conservative approach seems to be entirely dominated by the general election, no matter what the costs may be for the economy—but is it not also a problem that today's Budget, too, was short-termist and failed to provide for the long-term changes necessary to see this country through a very difficult economic time?

Sir Stuart Bell: I am grateful for the hon. Lady's intervention, but I think the Budget did go as far as making projections up to 2015—a fact that was picked up by the Leader of the Opposition. As I have indicated, and as is clear, we are steering our way through the first global recession in history, and much depends on the framework and measures of the G20 group of countries that other nation states use. I am talking about the economies of Germany, France and the United States; as they pick up, we will pick up.

The Chancellor referred to green shoots of recovery, which means that at the end of this year and into the next we will move from zero growth into growth—even if only at 0.3 per cent. The Chancellor said that that could happen at the end of this year; my personal view is that it may not be until next year, but there will be a turning point—a prospect that this Budget has to deal with. The Chancellor's point was that we must not have sudden lurches bringing recovery to a juddering halt on account of the free-market principles of the right hon. Member for Wokingham, other Conservative Members or even, if I may say so, the leader writers of the *Financial Times*.

I was surprised to read in a *Financial Times* editorial this week—perhaps the one mentioned by the right hon. Member for Fylde—that we were picking winners and losers in our economy. We are doing no such thing; we are guiding the economy in areas where it should be guided. We are not choosing one particular industry or firm against another. We are not in the '70s; we are not in Tony Benn's industrial regeneration programme of 1975-76. We have a new programme; we are going to guide the economy and be active in it.

Let me close where the Chancellor began and ended his speech. We should be looking to a confident and successful Britain. The word "Britain" is important because we all have to pull together. It is not a matter of one section against another or St. Albans against Wokingham. It is not a question of what the Budget is going to do for me; rather, it is about how the people of Middlesbrough may relate to the people of St. Albans as we all work together and all plough this particular furrow together.

At the end of the day, when the election comes, we will go forward, able to say that we did the best for our country. We will say that we saw it turn a corner, moving from negative to positive growth. We will say that we handled the banks so that people did not lose their money. That is the way forward. At that time, the people will have to decide between a Labour party that believes in growth to get us out of a recession and a Conservative party that believes in cuts. We will then have to ask the Opposition what cuts they want and what cuts they propose. ID cards may be one area for cuts and Trident missiles might be another.

Alan Simpson (Nottingham, South) (Lab): Yes, please.

Sir Stuart Bell: I hear an important sedentary intervention. Are the Tories going to get rid of tax credits, benefits for young people and the Sure Start schemes that are working well on my housing estates? Which section of the community is going to be afflicted to pay for what happens in St. Albans and Wokingham? I hope it will not be Middlesbrough. I will be asking those questions, but I have no doubt that when the economy turns and people see the alternatives, we will have a proper vote, the reality will meet the perception and we will have a proper result. It will be based on what the Government are doing today, what they have done since the beginning of the crisis and what they will do into the future, when we are re-elected.

4 pm

David Maclean (Penrith and The Border) (Con): It is always a pleasure to follow the hon. Member for Middlesbrough (Sir Stuart Bell). At the end of his speech, he said, "We will ask the Opposition which section of the community will be afflicted by any cuts they may make in the future." It is not for me to attempt to answer that 12 months before an election; no doubt my right hon. and hon. Friends will set out our plans in detail. I simply say that today's denial Budget has afflicted every single section of the community—every single man, woman and child—with borrowing and

[David Maclean]

debt that will last for generation after generation. That is my only criticism of the hon. Gentleman, who made an excellent job of trying to defend, in the best possible way—he is an expert at it—a Budget with which I think he is slightly uncomfortable. Despite his partial praise and partial criticism of my right hon. Friend the Member for Wokingham (Mr. Redwood), I detected a deep unease in the hon. Gentleman's views on the amount of borrowing that this country will undertake.

The hon. Gentleman said at the start of his speech, "We are in a global recession, we are not in this alone and we can't judge the measures that the Government are taking in this country without looking at what is happening in China, Brazil, India and other far east countries." I agree, but are any of those countries seriously going to go on a massive Government spending spree in the hope that Government can buy their way out of bankruptcy? Those countries will be freeing up their private enterprise and their economies, not adding to paternity pay or health and safety regulations. They will use private enterprise to get them out of the hole. I will return to that subject later in my speech.

I also agree with the hon. Gentleman—and the Prime Minister, if he said it this week—that a time of crisis is a time of opportunity. However, it is not an opportunity to borrow £175 billion next year, then £173 billion, then £140 billion, and it is not an opportunity to put us deeper into debt than at any time in our history, and it is not an opportunity to have more debts than every other Government since this country's history began. It is a time of opportunity to cut regulation and red tape—something my hon. Friends and I have wanted to do over the past 10 years.

I suspect that it is more difficult to cut some of the nonsense in a booming economy: why cut health and safety regulations and the plethora of red tape when we can afford them—as well as lots more civil servants, local government and health and safety inspectors—and when industry is making a fortune and paying its taxes? When we are in a hole, it is time to stop digging and to stop strangling ourselves with red tape and regulation.

As I listened to the Budget statement, I was reminded of a film. Many years ago, there was a "Carry On" film called "Carry On Regardless". That is what we had in the Budget. In some ways, it reminded me of the Prime Minister's Budgets in 1998 and 1999, when he could carry on the expenditure levels that are now no longer sustainable because of the golden economic legacy that he had been left by the outgoing Conservative Government.

We have had no sense at all today that the Government understand the urgency of making cuts in non-essential Government expenditure. I do not think that my right hon. Friend the Member for Wokingham was suggesting in the slightest that any front-line services should be cut—none of us is suggesting that—but as I go round my constituency I get the same message from everybody from every side. They say exactly the same thing: "When can we get rid of this Government? Goodness me, I don't envy you lot the job you will have to do. The mess you will have to sort out is terrible and there will be pain."

The people out there—our electorate—know that there will have to be cuts in some services. They are doing that themselves. They cannot go to their bank manager and say, "I'm absolutely broke, but can I borrow more money to spend my way out of bankruptcy?" Every little business in my constituency is pulling in its belt. Yes, those businesses would like to invest and they are saving every penny they can for proper investment. They are not squandering a single penny.

When I open the pages of my local newspaper, I may see a little advert as Eddie Stobart wants a driver. I may see an advertisement saying that a hotel wants a chef. I see columns of advertisements placed by the district council, the county council and the health service, which is still recruiting like nobody's business. I am not talking about front-line staff. Five-a-day managers are being recruited. These people will not be managing anything; they will be paid about £23,000 a year to go around exhorting the rest of us to eat five portions of fruit and vegetables each day. No doubt eating five portions of fruit and vegetables is jolly good for us, and I try to do it myself occasionally, but the idea that it is essential to recruit people to carry out these exhortations is bananas. *[Laughter.]* Yes—and apples, broccoli and leeks as well. That was an inadvertent one, although I sometimes throw them in to check that the House is alert.

The idea that we can afford, at the present time, to continue that sort of extravagance is absolute nonsense. I was about to say "pie in the sky", but that would have been the second portion. We cannot afford to do that in the current circumstances. We could not afford to do it in the past, but Government and local government could get away with it because we seemed to be earning, we seemed to be paying our way, and we were in a boom period. Now the bust is here with a vengeance—and when the bust is here with a vengeance, we all have to pull in our horns. We invest in what will actually help us to escape from our problems, which is growth. That means that we must cut the red tape and all the things that slow down our industry.

The Chancellor says that in a couple of years' time we will have 3.25 per cent. growth. No one in the House believes that. Labour Members have made a good fist of defending the Budget—no doubt they received their briefing and found all the good things that it is possible to defend—but no one seriously believes that we will move from negative growth of 3 per cent. to positive growth of 3.25 per cent. in a couple of years' time.

If that were to happen—if we were to achieve that 3.25 per cent. growth—where would it come from? Would it come from Government expenditure, Government investment in infrastructure, or Government investment in so-called front-line services? Of course not. Government are not going to create that growth. If we end up with 3.25 per cent. growth in two years' time, it will be because private industry has created it. The investment that private industry will put into its business is infinitely greater than anything that Government can spend by borrowing hundreds of billions of pounds. If those hundreds of billions were to go into capital investment and increasing productivity, it could be justified, but much of it is going into shoring up the current account and continuing the profligate expenditure policies that got us into this hole.

This is my main criticism today. As elections approach, Governments are often accused of promising jam tomorrow. Well, this Government are promising pain in a couple of years' time rather than inflicting it now. I am quite pleased about that for political reasons, because I know

that my constituents—and, I suspect, those of most other Members—will see through this Budget and say "Ah yes, a tax cut. The huge tax increases will come in two years' time." The Government might have gained more political mileage today by giving us some of the pain now: by being absolutely honest, and saying, "We must rein back on excessive Government expenditure, and we must rein back on it now." Delaying the pain for a couple of years fools none of the electorate. Indeed, I suspect that it will mean a few more seats for my party at the next election.

I believe that there are areas of expenditure that can safely be cut. I am not going to come up with a full shopping list, and this is not a Conservative party shopping list; it is just a list of some of my pet fetishes. We are going to waste £12 billion on identity cards, which are absolutely unnecessary. We have wasted £36 billion, I am told, on NHS computer systems which do not work. Thank God they do not work, because I do not trust this Government with my medical records—particularly if they introduce a euthanasia Bill shortly, given my current state of health. We do not need that particular investment. In fact, it is not investment. Buying £36 billion-worth of computers for the NHS so that, theoretically, all the medical records can be in a central system and, theoretically, everyone in Whitehall can access them is not investment, but an absolute nosey parker's charter and a waste of money.

Let me also suggest that the Government cut the £300 million that has been spent, either at Cheltenham or somewhere else, on monitoring all our trips abroad. I am quite happy for MI5 and MI6 to recruit a few thousand more workers to gather intelligence to find out who the real terrorists are, but not for £300 million to be spent so that every time every single citizen of this country goes abroad full details of their passport, where they are going, the hotel they are staying in and, no doubt, what they have had for breakfast is logged on a central computer on the off-chance that we pick up some guy going to Pakistan for terrorist training. Let us put the money and investment into more Security Service foot soldiers on the ground infiltrating these communities, and into hearts-and-minds operations in those communities and gathering intelligence on the half a dozen guys who may be going to Pakistan to learn to be terrorists, rather than into monitoring the other 56 million of us and intercepting every e-mail we produce.

We have got to start unscrambling the tax credit system and put in place a better system. I wonder how many of us as Members of Parliament could lay off half a secretary—not that I am suggesting we want to do so—if we did not have to deal with the absolute mess of the tax credit system and the child tax credit system. We must tackle the burden of public sector pensions as well, including our own—I suspect it will be the next Government who will have to tackle that.

We have had a lot of measures on jobs today. They are well intentioned and well meaning, but the people in my constituency who have lost their jobs are not all waiting to be retrained into a new industry. The 30 or 40 men who have lost their jobs in a plasterboard factory get laid off every recession; they are waiting for that work to pick up again, and then they will be back doing the same job in the plasterboard factory. The HGV drivers who are laid off at the moment are not going to retrain for the new green economy and start driving green cars; they are waiting to start driving their lorries again, carting goods around the country. What is needed to help them is not some of the gimmicks we have had today on new training, but a cut in national insurance. If we cut national insurance, I can guarantee that within weeks more people in my constituency will be back in employment, because it is a burden on employers which encourages them to lay off labour and does not encourage them to take on new employees.

I agree with the Prime Minister that a time of crisis is a time of opportunity: when the Conservatives come into government, there will be an opportunity for my Front-Bench colleagues to take an axe to some of the regulations that have been passed in the past 10 years. That opportunity will come because the people of this country realise that we cannot have more and more red tape strangling private industry as it is only private industry that will get us out of this crisis.

I seldom watch television, but I caught a bit of a programme the other night. I believe one of our esteemed Gallery correspondents was responsible for it: Mr. Quentin Letts. The programme was certainly infinitely better than anything he writes, and it was all about training for using ladders. Mr. Letts had discovered that everyone in this country who may have to go up a step-ladder now has to get a certificate on handling ladders and using them safely. I understand from Mr. Letts's programme that the European Union regulations are about two pages long, whereas the British Government ones are about 30 pages long. That is typical of the gold-plating of every regulation.

My right hon. Friend the Member for Wokingham may have a view on which regulations may be scrapped. I take the view that while we are in the European Community, and we are—and rightly so—trading and working with our partners, we must obey European law. If we have British regulations duplicating those from Europe, we cannot get rid of the European ones; therefore, we should scrap all those duplicating regulations that we in this country pass in gold-plating the European standard regulations. We have such a problem with the working at height regulations, and in this place we are doing it with the fire regulations: we as a House and a British Government are gold-plating them, and nowhere else in the European Community is that being done.

Before this is misconstrued as Maclean suggesting that we should go back to the bad old days before the Health and Safety at Work, etc. Act 1974 and scrap all the vital safety regulations that protect workers, let me say that I am not suggesting that in the slightest. If we look at the statistics, however, we will see that we are putting a lot of effort into targeting some areas where there are very few accidents or deaths, while ignoring other areas, such as the construction industry, which are still high up the accident league. Whatever we do, we must take the burdens off private industry, where one finds the only ones who will create the magical 3.25 per cent. growth that we seek.

I wish to make one other major point before I conclude, and it involves contradicting what I have just said on cutting regulation. One regulation is essential, and it is not a matter of the regulation that may be necessary for the Financial Services Authority to determine whether or not the institutions are lending properly. It is the imposition of a new regulation or code of practice on our banks, which are turning the screws on all our

[David Maclean]

businesses and individuals like never before. Every business man and woman in my constituency to whom I have spoken, including someone I bumped into in London last night, has made the point that they have had letters from their bank saying that because of the change in interest rates their terms are being revised and charges on companies are being increased. As Bank of England rates get lower and as we pump more and more taxpayers' money into some of these wicked banking institutions, all they are doing is taking the taxpayers' money and then extorting more from the businesses to which they are supposed to be lending.

Martin Horwood (Cheltenham) (LD): Does the right hon. Gentleman think that the Conservative economic policy commission's proposals made a year or two ago to deregulate the financial services industry were, on balance, a mistake?

David Maclean: Not at all. The hon. Gentleman is totally misrepresenting those proposals. I think that the Government made a mistake in not tackling some of the regulation, and their tripartite arrangements clearly do not work—nobody has been in charge, and a simple example of that is Northern Rock. I am told that six months after the Government took it over, Northern Rock was still lending 120 per cent. mortgages—even though the Government were in charge—and there is something wrong in the regulatory system if that can continue to happen.

Mark Durkan (Foyle) (SDLP): I fully agree with the right hon. Gentleman's point about the practices of some of the banks at the minute and the further squeezes that they are putting on their existing business customers, even though they tell us that during this period their emphasis is on their relationship with their customers—which is certainly what the banks in Northern Ireland tell us. Is the problem not worse than he suggests? The banks are increasing the rates not just to get more money out of these customers; some of the banks, including the Ulster bank in Northern Ireland, are doing it deliberately to price customers off their books. The aim is not only to take the money off them, but to ensure that those businesses—sound, productive businesses—pay the pain of the banking excesses.

David Maclean: I agree entirely with the hon. Gentleman, and the point he raises has been made to me too. The Government just do not realise what is actually going on between the banks and their business customers. Admittedly, the Government and the Treasury have had to focus on the mega-picture of the scandal of the Royal Bank of Scotland, HBOS and so on—I leave it to others of my right hon. and hon. Friends to comment on how successful the Government have been in dealing with those institutions—but they do not realise what the banks are doing to their ordinary customers. The threat is there, because the banks say, "If you do not agree to our new terms and conditions, you realise that your overdraft is up for renewal next year or in two years' time." In some cases, the threat is overt; in others, the banks are pulling the rug from under customers who have quite good liquidity and who are not a risk. The banks are deciding to recapitalise by pulling the money out of the very businesses that will regenerate this country.

Although I have been highly critical of the Government in this speech, I beg the Treasury team to look at what the banks are doing to ordinary customers—to small and big businesses, which will give us the 3.25 per cent. growth. If the Government do not urgently introduce codes of practice or regulations to stop the banks, which have a monopoly and are all doing the same thing, albeit by using slightly different words, to all our constituents—to all their customers—and to control the way in which the banks are shafting our constituents and our businesses at the moment, we will be stuck in negative growth for far too long and there will be no prospect of 1 per cent. let alone 3.25 per cent. growth.

There were some good little things from the Government today. I of course welcome the £30 million for homes for our heroes, but it is a pity that it was in this Budget. It was the one really good thing and I do not want it tarnished by some of the other dross in the Budget and the denial. If the £30 million is going to clean up some of the service housing and to give the wives and families better homes in which to live while our guys are in Afghanistan, I hope it comes through in the next few months and is not scheduled for April next year. These people desperately need that clean-up in their housing now and they need more than that. If the Government want to make such investments, the plasterboard factory in my constituency will make more plasterboard, the HGV drivers will do more driving and all the other businesses will do more and get this country moving again.

I regret that the Budget was a denial Budget. The film "Carry On Regardless" was followed a few years later by "Carry On up the Khyber". This was a carry on regardless Budget, but it will be followed by carry on up the creek without a paddle in a year's time if we do not start cutting wasteful Government expenditure now.

4.20 pm

Barry Gardiner (Brent, North) (Lab): I am pleased to participate in this debate and to follow the right hon. Member for Penrith and The Border (David Maclean). He is widely respected on both sides of the House and held in great affection by many. He mentioned the Budget provision for homes for heroes, and I hope it will be one point of agreement between us that we should rejoice that the figure is not the £30 million that he suggested but £50 million.

What if today's financial crisis were something more fundamental than merely a serious and deep recession? What if 14 September 2008—the date on which Lehmann Brothers was allowed to go belly up—represented the point at which the whole architecture of a consumption-led, growth-based economy collapsed? Perhaps this crisis is telling us that a system predicated on limitless growth must inevitably hit boundaries—boundaries that are not only economic, but ecological. What if 14 September 2008 were the point at which not only the market but mother nature hit the wall?

In today's Budget debate it is more important than ever to understand the context of the financial crisis that we face. Today we must look beyond the local dispute between those who say that we must cut public expenditure as a way of managing the recession and those who believe that the public expect the Government to provide greater support in times of distress. This

suddenly fashionable interest in macro-prudential regulation and imposing counter-cyclical reserve and capital requirements throughout the economic cycle has been beset by disagreements about who should determine where we are in the cycle and who should determine the level of reserves. The real question is not who, but how. We need to focus on the most appropriate way of modelling market transactions and their velocity to indicate what part of the cycle we are in. That is much more important than the party political spats that we have seen about whether the Bank of England or the FSA should be the implementing body.

If we can generate such models, they will provide the regulatory prudential controls for the economy if two double tensions are resolved. The first is the conflicting messages that have been sent to the banks. On the one hand they are told to stimulate the economy and increase lending. On the other, they are told to reduce their liabilities, increase their reserves and minimise risk. I am no apologist for the banking industry, but it is unfair to demand that they do both at the same time.

It is understandable that the Government should tackle social and financial exclusion. We sometimes forget that the expansion of credit that is now so universally derided enabled 1 million people to avoid financial exclusion by acquiring property through mortgages. That credit expansion was to achieve clear social policy goals. In and of itself, it was good and laudable, but it came at the price of financial instability through under-capitalisation and inadequate reserves. That institutional tension was compounded by the fact that householders then sucked equity out of their properties for personal consumption. They also spent a larger share of their disposable income.

Now that household net worth has dropped so dramatically, what used to be the engines of demand-led growth are now too feeble to lift the economy off the ground. The management consultancy firm McKinsey has calculated that, for each 5 per cent. fall in the debt-to-income ratio, the US economy experiences $500 billion less available consumption going into the market. Britain is no different.

The second tension—between growth and sustainable development—is more fundamental. Those who accept the growth model of the economy believe that there are no limits to growth and positively welcome the fact that the global population is projected to rise between now and 2050 from 6.7 billion to approximately 10 billion. They believe that that 50 per cent. increase in the number of global consumers will be able to fuel the demand-led growth that will lead us to recovery. However, even as we see consumption rise and living standards around the globe rise with it, we are forced to acknowledge that the world is already consuming each year the resources that it takes the planet one year and four months to replace.

If we are able to see that the economy has experienced a credit bubble of consumer-led growth, surely we can see just as clearly that we are experiencing an ecological credit bubble that is potentially far more dangerous. We cannot afford a fiscal stimulus to be simply a way to get back to the status quo ante. Recovery must be a stimulus to transformation—a new model of sustainable development, and not just a way to regain the old growth path.

Borrowing at a personal level imposes an obligation to pay one's creditor in future. Borrowing at a national level imposes that obligation on a population and its children. If we need a fiscal stimulus to keep people in jobs and to stimulate the market now, we should, in justice, be using the money to invest in making tomorrow's world better and more sustainable for those future generations. That means new jobs in biotech, digital communications and, above all, in green technology and renewable and low-carbon energy.

Climate change is certainly the most complex question of justice that the world has ever faced. It is about justice across the generations and not just geographical boundaries, and about the equitable distribution of natural resources and not just money. That is why the term "capital" needs to be redefined: we must move away from an exclusive focus on financial capital to include natural capital.

The services that ecosystems provide are largely unvalued. They are treated as externalities by our economic model. The flood protection provided by forests is an externality, and the value of the pollination services provided by insects has not even been calculated. The world is prepared to spend millions of dollars on providing naval escorts and increased insurance for cargo vessels off the horn of Africa, but nothing is done to resolve the ecosystem collapse brought about by desertification that spawned the social and economic chaos that gave rise to the pirates in the first place. That is economic madness.

In an economic crisis, it is possible to provide a fiscal stimulus, but nature does not provide bail-outs. Nature no longer has an infinite capacity to absorb waste, and Governments around the world need to engage in a new paradigm, where natural capital is valued and budgeted for. The valuation of ecosystem services such as watershed protection, climate regulation, and soil stabilisation may seem recherché ideas, but I remind the House that 20 years ago, when officials at the World Bank first proposed that there might be a value attached to carbon, and even that carbon markets might be developed, Treasuries around the world dismissed the idea as peripheral and not worth pursuing.

I am delighted that alongside this Budget there is a document that forms a separate carbon budget, "Building a low-carbon economy: implementing the Climate Change Act 2008". The Chancellor highlighted that. I welcome the commitment to cutting our CO_2 emissions by 34 per cent. against 1990 levels by 2020, and 80 per cent. by 2050, but I am concerned that the overall investment in green growth is not substantial enough to meet even those laudable objectives. Over the next few days, I will carefully examine the figures that he sketched out. We will not be able to get the level of investment right unless we put in place a new system for the evaluation of natural capital, ecosystem services and biodiversity.

As the country begins to emerge from the current crisis, we need to reverse the patterns of internal macro-economic policy as a means of correcting external imbalances. That means moving from consumption-led growth and fiscal deficit to investment-led growth, fiscal balance and higher saving. Key to that transformation is the proper identification of subsidies that still provide perverse incentives to consumption of carbon-intensive products that degrade our environment unsustainably. The key consequence on which the Budget will and

[Barry Gardiner]

should be judged is not how quickly we see the green shoots of recovery, but how deep and how wide it spreads the green roots of sustainability.

4.32 pm

David Davis (Haltemprice and Howden) (Con): It is a great pleasure to follow the hon. Member for Brent, North (Barry Gardiner). Listening to him reminded me how much I used to enjoy his philosophical excursions when he served on the Public Accounts Committee under my chairmanship. They may have been philosophical excursions, but they were always useful and reminded us of what was important. He did that again today with his reference to world ecology as well to the world economy.

That being said, I suspect that this Budget will be judged on a rather simpler basis. When the economic historians look back on it—it will be to them that we will have to look, because I am sure that the economic journalists will give it hell—they will consider a principal, objective aim: whether it gets us out of this recession. It will be as simple as that, and all the complexity of the numbers should not obscure that. Those economic historians will probably look back on what preceded the Budget as a decade of delusion; that is probably the simplest way of putting it. There was self-delusion on the part of the Government in many ways, ranging from the way in which they introduced creative accounting into our national accounts and fell for their own propaganda in so doing, right through to the hubris of believing that they had put an end to boom and bust. All that was self-delusion, and it has lasted a decade.

There is also the self-delusion of the bankers, who created instruments that they told us would minimise risk, but in fact simply concealed it. That led to the maximisation of that risk, which, of course, is what broke the system in the final analysis. There is also the self-delusion of the professions—the accountants and the credit-rating agencies—that failed. It was a criminal failure in my judgment, and I say that not in hyperbolic terms. I mean a literal criminal failure to protect the public from the misrepresentations that were visited on them, both by the public sector—the Government—and the private sector.

I will leave it to colleagues to enumerate the massive overspends, false forecasts, incredible levels of debt, and debt burdens that have been visited on us as a result. I want to focus, briefly, on the consequences of those delusions for the set of policies that were explained to us today, and on the likely effectiveness of those policies.

A few weeks ago in the Chamber we debated the Government's response to the banking crisis and, in particular, one of the delusions that they wanted to maintain in their response. They wanted the public not to recognise the size of the problem early on. Look at the delays that they undertook in responding to Northern Rock and to all the other problems that they had to face. Why did they do that? Because to recognise those problems was to shoulder the burden of responsibility for them.

So the Government took a route that was probably most like the route taken in the 1990s by the Japanese Government who faced a similar sort of problem and colluded with their banks to cover up the size of the problem. Contrast that with what the Swedish Government did, also in the 1990s. The Swedish Government forced into the public domain the size of the problem, forced the banks to recognise the liabilities that they faced, forced the shareholders of the banks to face those liabilities, and then stepped in, cleaned up the mess, sorted out the banking system, and underwrote the depositors. Within three years they had their economy back on track. By contrast, Japan 20 years later still does not have its economy back on track.

I am afraid we are on a Japanese trajectory rather than on a Swedish one. Government action has not been seen to resolve the problem of the banking crisis. That has, as I shall explain, some pretty sizeable implications for their policies today. The IMF stated in its report yesterday:

"Systemic risks remain high and the adverse feedback loop between the financial system and the real economy has yet to be arrested".

That is the problem that the Government face. It is time for them to get a grip on that banking problem, make the banks face the losses, end the tripartite system and replace it with a Bank of England control system.

My right hon. Friend the Member for Penrith and The Border (David Maclean), who spoke briefly, made it clear that there has been a major regulatory failure. In responding to his comments about the behaviour of the banks, I would say that we have seen a distinction between large quantity of regulation and a high quality of regulation. The failure has been a quality failure in regulation. We used to have a very good Governor of the Bank of England control system that was subtle and able to respond to delicate signals and unforeseen problems when they came up.

That is the nature of the problem. The most obvious short-run effect is the problem that my right hon. Friend raised—that banks have been in receipt of vast quantities of public money, which has been used to improve their balance sheets and not to improve the prospects of their customers—a point that the hon. Member for Brent, North characterised perfectly when he highlighted the contrasting aims and purposes put upon that money given to them.

That is one consequence, but there is another. There is a confidence effect. The way the Government have approached the banking crisis leaves a massive gap in commercial confidence, which in turn has an impact on the Government's own neo-Keynesian strategy. The House will not be surprised to know that I am not entirely comfortably with neo-Keynesian strategies. I think they are over-rated and pose a major series of problems, but let us for a moment accept the Keynesian analysis. Let us accept what it sets out to do, and see what the banking crisis has done to it.

When Keynes first characterised his policy as a policy of effective demand management, it rested on the idea of the Keynesian multiplier. He was not the first person to talk about it, but he was the first person to popularise the idea. He and a man called Professor Hicks characterised it and demonstrated how it worked. It is very simple. If I spend £1 with you, buying something from you, you will spend a portion of that £1 with somebody else, who will spend a portion of that money with somebody else, and so on, so £1 spent has a ripple throughout the economy. Hicks demonstrated that the algebra was pretty simple. If you spend 90p of the £1 that I spent

with you and that works down, every £1 that I spend has a £10 effect in the economy. If you spend 80p of the £1 on average, every £1 that I spend has a £5 effect in the economy. If you spend half, every £1 that I spend has a £2 effect. That is what the algebra demonstrates.

What happens if one destroys confidence in the economy? If one makes people feel that commercial activity is dangerous, which it was not last year, one destroys the multiplier. We understand from the Chancellor today that the Government have injected some £20 billion, but I guess it must now be £22 billion given the further £2 billion spent, into the economy trying to reflate demand. That is about 1.5 per cent. of GDP, but with no multiplier effect, it is completely irrelevant. The economic demand management policy has been crippled by the Government's failure to solve the banking crisis, but the issue of confidence and its effect on the multiplier was why Keynes rested so much on that policy. The point is that even if Keynesian policy had had a chance, the Government have destroyed it.

There are other reasons for concerns with neo-Keynesian policies, however, and the primary reason is that spending all that money has a series of effects on the long-term competitiveness of the economy. The most obvious has been discussed today: the long-term impact on tax and borrowing in the United Kingdom—and £600 billion is a spectacular burden on our future competitive ability. Before I address that issue, however, I shall deal with one that the Treasury Committee Chairman, the right hon. Member for West Dunbartonshire (John McFall), raised earlier.

The right hon. Gentleman attempted to argue—I think he was repeating Sam Brittan—that there was no limit to the amount that the Government could borrow and no issue about raising the money. He said that such money has been borrowed before—in the second world war. Well, what a devil of a comparison to make—that we borrowed that amount of money during the second world war. He missed the point, however, which was made by the right hon. Member for Birkenhead (Mr. Field), when he simply said that many people wanted us to win that war and, as a result, were willing to lend us a lot of money so that we could continue spending money to win it. We have had high borrowings at other times in our history, but, at those times, sterling was a reserve currency and it is not now. There are other reasons why we cannot compare our current situation to our history.

Today, we have a real problem: we might well be on a cliff edge in respect of our ability to raise money before we reach the £600 billion limit. One way in which that cliff edge will come nearer is if there is a further decline in our currency, because that would attack the source of much of our borrowing, which comes from abroad. A combination of poor credit worthiness on the part of the Government, an inability to raise taxes to pay the returns and a decline in the currency could have a serious impact on our continued ability to raise money.

That brings us to the issue of overall public expenditure levels, because what do the Government do when they cannot raise money? Then, they do not choose to cut; they have to cut. I am aware of only one point in modern times—practising, anyway—when any Government of any persuasion or party cut public expenditure: it was under the Labour party and Denis Healey, because they had to. The International Monetary Fund told him that he had to. No Government willingly cut public expenditure, but it is entirely possible that the strategy that we are in the middle of will lead a future Government, of whatever party, to have no choice but to cut public expenditure, because they will not be able to raise money either by taxes or by borrowing. That is the potential horror story at the end of this situation. I began by talking about how economic historians will see this Budget, and that is the worst scenario—the tragic, potential outcome.

Although I am not a Keynesian, I am not innately against public expenditure in a downturn. If one goes to America, one will see that much of its infrastructure, from roads to dams, was built cheaply in the 1930s and created an underpinning for that great country's economic success thereafter. If one is going to spend money, a downturn is a good time to do so, whether one is a private or a public citizen. However, we must be very careful about how we spend it, and we must understand what we can and cannot do, and what Governments are good and bad at. Let us be plain: Governments, as we all know, are bad at picking winners; it is not what they do. Throughout history, all Governments who have tried it have failed. At one point in the Chancellor's peroration, I heard him proudly lay out the fact that he was going to invest £750 million in high-tech industry. All I can say is that I will make sure that I do not invest where he puts that money; it is a fair bet that those industries will not succeed.

The Government should pump-prime and encourage investment, if not provide the whole investment, in areas in which large—often monopoly—industries underpin other industries. I say to Treasury Benchers that I rather support their idea of improving the status of our broadband structure; actually, what they plan at the moment is rather unambitious. Just as the roads and railways were an underpinning during the industrial revolution, broadband improvement will be an underpinning for industry in future.

Sir Robert Smith: One worry for those of us who represent rural areas is that it seems that the Minister is already conceding that that broadband development will not reach the highlands and islands and other rural areas of the country. Those areas, of course, would take maximum benefit from such development, because it would get around the need to commute and bring the economy to those areas.

David Davis: That is a good point. I do not want to go off on a big excursion on the issue, but I shall say this to the hon. Gentleman. The Government have been unimaginative on broadband development. The BBC is spending £5 billion on digitising the broadcast network—another issue that affects rural areas. If that money went into providing an optical-fibre link to all the rural areas, we would not need to digitise the broadcast network because there would effectively be a physical broadcast network.

A lot of things need to be done. The hon. Gentleman is absolutely right: rural areas would benefit most from what an optical-fibre network could provide. It would save money, encourage high levels of localised industry and cut back on the unnecessary use of cars and other vehicles.

[David Davis]

There are benefits, but we have to be incredibly careful. The truth is that four of five Government investments will fail. We are also up against another delusion. In the past decade or so, the new Labour Government have insisted on calling every item of public expenditure an "investment". They are not all investments—there are some items of expenditure and some of investment. It is perfectly proper for there to be welfare expenditure, for example, to save people from misery; that is part of the purpose of the Government. However, to call it investment is to confuse things.

The important thing to understand in a downturn is that the marginal extra money should be investment. We should be building for the future. If the money is not being spent on investment, we should think twice about spending it, bearing in mind that in any event the largest changes in the public expenditure accounts are in respect of the so-called automatic stabilisers—namely, the cut in taxes raised and the increase in welfare paid.

David Taylor (North-West Leicestershire) (Lab/Co-op): Surely expenditure on pensions and benefits can be an investment in the classic sense of the word. It provides a decent level of income that enables people to be properly fed and housed and to engage in social activity. The payback from that investment will be that those people will live longer lives. So there is a payback from such expenditure, which can properly be classified as investment.

David Davis: The hon. Gentleman demonstrates only too clearly why I think that he and his Government are wrong. I approve of expenditure for such purposes, but we do not have to call it an "investment" for it to be something of which one approves. He was discussing proper, social expenditure; I talk to him as a social Tory, if he likes. We could go back to Lord Shaftesbury. He called such spending not "investment", but "social expenditure". It is social welfare, and it is what a civilised society should have. However, we should not kid ourselves that it gives an economic return. It does not—it improves our civilisation and the nature of our country, and it enables us to live with ourselves, but it is not an economic investment. That is my point.

One issue of competitiveness—I am sure that Labour Members will entirely disagree with me on this—has worried me for some time. Incidentally, it also worried Keynes. If one goes back and reads Keynes, there are some interesting parts where he discusses reparations after the first world war. He was critical of the reparations that we imposed on Germany for a number of reasons. Some of those were moral and ethical, but he also said, to paraphrase, "If we put this burden on Germany, Germany will grow strong in having to pay this burden; we will grow soft in living off this burden." He was talking about the work ethic in our respective societies. In the famous Keynesian example of the state paying a worker to dig a hole and then paying another worker to fill it back in, he was talking about not only effective demand but the need to maintain the work ethic in British society to ensure that when idleness is forced on people, that does not enter into their soul and institutionalise the unemployment that arises from major recessions.

I worry about the work ethic in British society. When I looked up the numbers in this morning's publication, I found that there are currently 7,851,000 economically inactive citizens in the United Kingdom. That figure is not quite as shocking as it sounds, because about 2 million are students, a couple of million are people raising families, and so on. What is interesting is that over the course of the past decade the number of people who have determined that they do not want to work has gone up— these are round figures; it has bounced around a bit—by between 500,000 and 600,000. Half a million people in our adult working-age population have decided that they do not want to work. We often see anecdotal evidence of people refusing work. A lot of the arguments about immigration have focused on the fact that people who come into this country are doing jobs that British citizens will not do.

That is worrying in terms of the nature of our society, which we were debating earlier, and our long-term competitiveness. We have to think very hard about the whole welfare structure of our society. I am pleased that the Financial Secretary is on the Front Bench, because I know that he takes an interest in this. I have been backwards and forwards on this argument, but I am beginning to think again that we have to reconsider workfare. If the forecast is wrong and we end up having a long recession, we must ensure, first and foremost, that that does not visit habits of idleness on our population. I am happy to hear the Chancellor speak about action to help the young, but it is not just about the young: we are talking about a much bigger sector of the population, particularly in some of the old industrial areas near where I live and where I come from. We do not want to allow such habits to take hold in those areas. The economic historians will answer these questions on the basis of whether we come out of recession, which is all about growth.

On taxation, everybody in this House knows that I am a low-tax Tory and that I would like to see lower taxes. I am not going to pick a fight with the Government over having a 50 per cent. top rate for those earning £150,000 a year or more—frankly, in terms of the argument, I do not care too much one way or the other. However, the independent Institute for Fiscal Studies has said in terms that a 45 per cent. rate would not deliver any more money—not a penny—to the Exchequer. Therefore, if that is the purpose, it will fail. What is more, it carries the risk—we do not yet know how big it is, because it depends on what other countries do—that people of talent will not come here. It is fashionable now to decry Ireland, but for 25 or 30 years Ireland has had a fantastic success story. One of the key parts of that was ensuring that talented people came to Ireland and had good tax arrangements in doing so. I suspect that if the Scottish Parliament had control of its own destiny, it would do the same. That is why I am in favour of tax competition. There is a real risk that in doing something that is designed simply as a trap for the Tories, which is what it is, the Government may harm our long-term economic prospects.

My right hon. Friend the Member for Penrith and The Border mentioned regulation, and he is absolutely right that that is the real impediment to employment growth in our economy. The reason why I specify employment growth rather than GDP is that the big generators of employment are small businesses, and those are the ones that suffer as the result of regulation. Big businesses have no trouble. I used to be a director of Tate & Lyle, and we had departments designed to deal

with employment regulation and to maximise the amount of money that we got out of the Government in grants here, there and everywhere. We had departments and specialists for all those things, and the regulation was no impediment to us. In fact, it was an advantage because it got other people out of the business. Others did not have those departments, so it was a competitive advantage to us. That is exactly what regulation should not do, but it is what it does.

I shall give an example. We will all have seen vans going around near here with "Pimlico Plumbers" on the side.

Mr. Frank Field: Yes, I use them.

David Davis: The right hon. Gentleman, who made a good point earlier and missed my compliment to him, says that he uses them. The man who runs Pimlico Plumbers is exactly my age. He went to school and got nowhere. He was useless at school—I hope that he will not mind my saying that—and left and became a plumber. I should not be giving him an advert, but he was a skilled, good plumber and turned that into a business in which he guaranteed the quality, speed and so on of the plumbing, which is a wonderful thing in its own right. He turned it into a pretty sizeable, effective and successful business. I remember him telling his story in one of the newspapers. He was asked whether he would do it today, and he said no, because he did not like reading and writing, he did not like filling in forms and all that. The very thing that in some ways distinguishes the skilled working class in Britain from the rest of us is that they do not like the literary aspect of small business, although "literary" is hardly the word. They do not like filling in all the forms. I am afraid that that is a major impediment to the growth of small business.

There is a deal to be struck with the European Union. A number of other countries in the EU, of which Denmark is one, have arrangements that protect small companies and give them exemptions or limit the size of the issues that they face on some aspects of employment law, health and safety law and so on. There is a deal to be struck across the whole EU, all of which faces this problem. Every company with fewer than 50 people could have certain levels of reduced regulation, or perhaps every company with fewer than 10, so that small businesses can start up. If we really want a solution to the problem of growth in the new era, that will be one big step.

Mr. Ian Taylor: It is interesting that even France, which, by goodness, has regulations every day of the week that we have not even dreamed of inventing yet, has started to do exactly what my right hon. Friend is talking about for people who want to enter employment and to set up their own companies. It has got rid of a raft of regulations. We will see how effective that is, but it has taken a lead that we should do even more to follow in this country.

David Davis: My hon. Friend makes my point perfectly. This is an issue not only for us but for every other country in Europe, and every other political class in Europe now understands that. They all have the local equivalent of the Federation of Small Businesses writing them letters, sending them e-mails—probably burning tractors in France, I do not know. They are all coming under the same pressure.

There is also something to consider in the nature of the business that small businesses go in for. They tend not to be in the great international areas of business that have to compete with China and India. They tend to be localised and service-oriented, so they create the sort of business that is viable in the long term in our western economies. There is a serious deal to be struck among all the EU countries. For me to talk about doing deals in the EU is interesting in its own right, but that is something that we could usefully do.

I want to make a rather more esoteric point. The western capitalist market system has been allowed to slip, often by people who do not understand it well. The financial markets in the past few years have resembled a Marxist parody of a free market. They have had huge burdens of silly check-box regulations, but no serious, sensible regulations. Silly decisions have been made, such as the abolition of Glass-Steagall under the Clinton Administration. I cannot make up my mind about whether they did not understand it or whether they were simply bought out by the lobbyists, because $200 million passed into the electoral system from Wall street in those years. The system has come under much pressure, and failed for the reasons that I have discussed, including self-delusion.

The massive flow of money from east to west accelerated the failure. India and China saved large quantities of money—much more than they spent—exported the money to us and we spent it. I believe that a Governor of the Bank of England, doing what the FSA was supposed to do, would have spotted, for example, building societies and banks giving 125 per cent. mortgages. A mortgage is part of an investment process, up to spending 100 per cent. of the value of the investment. However, a mortgage of 125 per cent. is a way of transmitting capital into consumption. Somebody who exercised a little common sense would have realised that. He would not have needed a rule, regulation or something laid down by Parliament—he would have seen it coming.

We must consider two things. First, we should try to ensure that the structure of our banking and financial systems is such that the important bits can be tackled with some simplicity, not complex check-box regulations. That is one component, and why Glass-Steagall is worth revisiting.

The second component relates to the aggregate macro-economic strategy. We must think hard about striking an east-west deal so that the money that has been flowing in a tide from east to west is recycled and goes back, too. The breakdown could happen again in another decade. We should bear it in mind that, in the century before last, such breakdowns happened approximately once every 10 years in America. It could happen again in another decade because the same pressures apply. At the moment, the Chinese are in a mood to talk because their economy is suffering quite seriously.

The Financial Secretary to the Treasury (Mr. Stephen Timms): I am listening to the right hon. Gentleman's speech with great interest. He mentioned Glass-Steagall. Will he reflect on the impact of the collapse of Lehman Brothers, which was not a deposit taker on the Glass-Steagall model? It would not necessarily have been protected, yet its failure has had catastrophic implications around the world. I wonder whether the distinction is perhaps harder to make today than it was in 1933.

David Davis: I take the point. Glass-Steagall is not a solution by itself, but it simplifies one critical element of the system. It is critical no matter how big the banks are. I did a Harvard advanced management programme and, one day, our senior finance professor said something that shocked the entire class—that tax complexity was in our interest. We all asked what he was talking about. He replied that, every year, Wall street employs 300 people with master of business administration degrees from the top business schools—Wharton, Harvard, Stanford and so on—while the Internal Revenue Service employs one middle-ranking MBA from Penn Central. He asked whom we thought out of that group would win the arms race. He was talking about tax, but the same argument applies to regulation. We will always lose the battle over complex regulation, so one of the strategies that the Government should consider is simplifying regulation in those sectors that it is vital to control, whatever the size of the individual companies in it. After all, as somebody said earlier, 12,000 banks went down in America in the '30s.

The other sector, however, has historically best been dealt with in America by anti-trust law—it is the "too big to fail, too big to bail" problem. There is a need for at least another international discussion, if not an agreement, about how big we let some of those financial institutions get. There is an argument for an anti-trust approach. The original anti-trust laws in America were a mixture of political and economic decisions to do with minimising the risk of having too big an individual player in the corporate sector, after the great robber barons who built the American railways and so on. If we understand our history properly, we have to think about what size of corporation we allow to have certain key plays within the system.

The other problem that we have here is one of transparency. The point about Lehmans is that I do not think that the American Government understood the linkages to Lehmans, through the credit default swap and collateralised debt obligation structures, and so on. My throwaway line earlier about instruments that were supposed to reduce risk ending up concealing it is quite relevant in this context, because that is what happened. There were individual risk reductions that did not apply to the whole system. I apologise to the House for going into terrible complexity in answering the Minister's point, but that seems to me to be one component of dealing with the overall system. Another component is ensuring that the risk transmission mechanisms are transparent and also that no organisation is too big to bail.

I will draw my remarks to a conclusion on that point. Even given my political interests, I hope that the Budget is a success, because there are too many millions of people out there whose lives depend on it. I am pessimistic, because it seems that we are not addressing the fundamentals at the core of our problem. I say "we" because the political class in total has deluded itself about the vitality of the City and so on. We have allowed the problem to happen. It is the Government's responsibility: it happened on their watch and they have to sort it. However, because of those collective delusions, they have not addressed the right issue. It is a sad day for Britain and I am afraid that the Government will fail.

5.7 pm

Jeff Ennis (Barnsley, East and Mexborough) (Lab): There is no doubt that this year's Budget has proved to be the most difficult Budget for this Government since we came to power, primarily because of the global economic crisis that this country finds itself in, along with a lot of other westernised developed countries.

I for one welcome a lot of the measures in this year's Budget. Indeed, I would like to emphasise one or two of them that I particularly support. They include the extension of the stamp duty holiday on properties sold for less than £175,000 until the end of the year. In contrast to what was said by the hon. Member for St. Albans (Anne Main), who is no longer in her place, that will affect the vast majority of property sales in my constituency and will have a good knock-on effect on future property sales. Likewise, I certainly support the increase of the higher rate of income tax to 50 per cent. for people with salaries of more than £150,000, which comes in next year. I also support the increase in funding for the digital industries, which have the potential to create many jobs, both directly and indirectly, particularly, I hope, in South Yorkshire.

Let me look at the social side of some of the policies contained in the Budget. I also welcome the increase in statutory redundancy pay from £350 a week to £385 a week, and the retention of the increase of the winter fuel allowance, which is worth £250 for pensioners over 60 and £400 for pensioners over 80, for another year.

That leads me to the first omission of something that I would have liked to have been included in this year's Budget—something that I have been pushing for with both the Department for Work and Pensions and the Treasury—which is the abolition of the so-called 25p age addition for pensioners over 80. It is nonsense that pensioners get an increase to their state pension of 25p, which has remained at the same level since 1971, when the Heath Government introduced it. In 1971, someone could buy a dozen eggs or a pound of cheddar cheese with 25p; now they could not even buy a second-class stamp.

The Government have introduced some good initiatives for older pensioners, such as the winter fuel allowance. I would like the 25p age addition scrapped, and £25 or £50 to be put on the winter fuel allowance. This is primarily because a third of all pensioners over the age of 80 in this country now pay income tax, so they are effectively paying income tax on that 25p increase. If the increase were added to their winter fuel allowance, however, it would be a capital allowance and they would receive the full benefit of the increase. The net cost to the Treasury of making that change would be £15 million a year, which is peanuts. It costs £35 million to pay the 25p a week. To add £25 a year to the winter fuel allowance for people over 80 would cost £50 million, and that would be £50 million well spent. It would be well received by the pensioners of this country.

The next issue that I want to focus on was brought to my attention by a constituent of mine just before Christmas. It concerns the level of taxation on statutory redundancy payments. I should like to quote from the e-mail that I received from my constituent, Mr. Nicholas McIvor from Great Houghton, because it hits a number of buttons that have been touched on earlier in the debate. The e-mail is dated 12 November, and it states:

"Dear Jeff…I am writing to you as a 'soon to be' unemployed civil servant. I work at the Pension Centre in the Dearne Valley which will close just before Christmas. I will be receiving a Statutory Redundancy Payment but anything above £30,000 is liable to income tax at the highest rate. I understand this tax limit was raised from £5,000 to £10,000 in 1978, to £25,000 in 1981 and to £30,000 in 1988, but it has remained at that level for the past twenty years. I am hoping to use my payment to set up in business and if the Government is looking to stimulate the economy, would it not be better if the £30,000 limit was raised as it seems to be well overdue?"

The reason I say that that hits a number of buttons is that the right hon. Member for Wokingham (Mr. Redwood)—who, unfortunately, is no longer in his place—said that the private sector was bearing the brunt of the redundancies and job losses. That is not the case, and the sooner Conservative Members can get away from the notion of "private sector, good; public sector, bad", the more it will be to their benefit. As far as I am concerned, the people who work in the private sector, the public sector and the third sector—the charitable sector—are all serving UK plc to the best of their ability. That is what we should be more concerned about. We need to continue to invest in jobs in the public sector in order to maintain that sector, because a lot of the small and medium-sized enterprises that are struggling to survive are dependent on their contracts with local councils, with the NHS and with quangos to sustain them. This idea of "private sector, good; public sector, bad" is a false notion that we need to get away from.

Incidentally, there is a good news story attached to that e-mail, because within weeks of being made redundant, that gentleman found alternative employment. That proves the success of what the Government are doing through Jobcentre Plus, through the regional Government offices—we have a very good chief officer in the Government office for Yorkshire and the Humber, Felicity Everiss—and through the regional development agency, Yorkshire Forward, whose chief executive is Tom Riordan. They are doing a fantastic job of finding alternative employment or job opportunities for people who are being made redundant, particularly in industries such as the financial sector in West Yorkshire.

Mr. Timms: I am listening to my hon. Friend with a great deal of interest. Earlier, he mentioned the announcements about Digital Britain. I wonder whether, in the context of Yorkshire Forward, he has noticed the reference on page 81 of the Red Book to the Government's approval for the £100 million "Digital Region" project led by Yorkshire Forward.

Jeff Ennis: I thank the Minister for referring to that project. I specifically wanted to draw attention to it, because it will create a lot of jobs in potential unemployment black spots, including the former mining industry areas in South Yorkshire.

I would have liked the Budget to deal with another issue—cold weather payments—drawn to my attention by a local constituent, Mr. Stuart Warrior of Thurnscoe. The issue particularly affects former miners in my area who no longer have concessionary fuel and have only a small pit pension to supplement their state pension. They argue that while current cold weather payments are applicable only to pensioners in receipt of tax credits, former miners with a small work pension get cold just as quickly as the others do, so I believe that we should have given further consideration to that matter.

I have major problems with one proposal in the Budget—the 2p increase in alcohol duty—which I would like to draw to Ministers' attention. It is not because I am a drunkard or anything like that, but we all get correspondence from constituents involved in the "Axe the Beer Tax" campaign, pointing out that many pubs and clubs are closing down because of losses resulting from the competition from supermarket chains selling drink. I am very concerned about that, and in my constituency I am just as concerned about clubs closing as I am about pubs closing. In my home village of Grimethorpe, for example, we have lost the miners welfare club; it provided extensive sports fields and other sports provision for the local community, but it closed just before Christmas.

Changing social patterns are also relevant, with people entertaining a lot more at home. I fully support consumer choice in that respect, but I think pubs and clubs provide a great deal of social cohesion, particularly in working-class communities. I would have supported an increase in alcohol taxation for supermarkets, if only we could have differentiated between those and licensed premises, and kept the tax off the licensed premises. I understand that this is a complicated issue, but I believe that in the circumstances, it would have been better to leave the 2p increase for another time.

I shall shortly draw my remarks to a close. Some Members have elaborated on their contributions, but I want to ensure that every Member who wants to speak in the debate can do so. I would, however, like to reiterate my main point, which some Conservative Members seem to ignore—that the Government's current problems are not of their own making. They have been made by the global crisis created primarily by the sub-prime lending market in America, which has gradually snowballed and spread throughout the world. It has been recognised on all sides that there has been irresponsible lending by the banking sector. We must regulate not just in our own country but across the globe, so that confidence and trust in the banking sector can be rebuilt.

I recently spoke to a senior executive banking official in Yorkshire about how the banks could rebuild trust and confidence among their customers. In a sense, that is what the current crisis is all about: the banking customer has lost trust and confidence in the banking sector. I certainly agree with the right hon. Member for Penrith and The Border (David Maclean), who is no longer in his place, that some banks are actually milking their consumer and customer base, attempting to get more fees out of it than can fairly be tolerated, given current banking rates. I believe that it will take the banks a long time to rebuild customer trust. The successful banks of the future will be those that manage to achieve that in the shortest time. The banks are presently competing to try to regain trust from their customer base so that they can be successful again.

I congratulate the Chancellor on producing this Budget at this very difficult time. I hope it will succeed, because it is so important not just to this country, but to the rest of the world.

5.20 pm

Stewart Hosie (Dundee, East) (SNP): The one thing the Budget statement demonstrates is that the Government intend to take absolutely no responsibility for any of

[Stewart Hosie]

the mess we are in. If we heard a variation of it once, we heard it a hundred times: this is a global problem. It is a pity that the Chancellor could not say those four special words, "It started in America." Perhaps the Government do not say that any more.

However, the Government's prescription to cure the problem is interesting: more money for the jobcentre network to help get people who have lost their jobs back into the jobs that still exist is welcome, but they were forecasting the recovery based on quite extraordinary—almost unbelievable—growth figures in a few years' time. The same applies to the actions that they are proposing for the businesses that will create the jobs we need and craft the recovery from the recession.

I suspect that the extension of tax relief for investments will be welcome, although the reaffirmation of a fuel duty escalator will not be welcome at all. I would have thought that with the barrel price sitting pretty stable at about $50 and the litre price at the pump sitting stable at about 95p, this was the time—the stable time—to put in the fuel duty regulator to deal with the spike when it happens next year, the year after that or the year after that. Instead, there seems to be simply another attempt to bring in more cash.

In the middle of it all, however, are the proposals for £15 billion of cuts. I think the Chancellor described that as fiscal tightening. Others have described it as efficiency. It is most certainly cuts, and we have had it confirmed today that next year alone, that means a £500 million cut in the Scottish budget. I want to make it clear that that means the loss of 9,000 jobs, as a consequence of the £500 million lost to the Scottish budget next year.

The Government are missing an opportunity. This is the time to cut other things—spending on ID cards, as many have said, and spending on Trident. That idea is gathering pace. Last night Tony Dolphin, from the Institute for Public Policy Research, said that

"you have to identify your priorities",

and once that has been done,

"look very hard at projects like the Trident programme, like ID cards and some big projects are going to have to be cancelled because unless you do that you just won't be able to make enough savings."

That is absolutely right.

If we are serious about making savings but protecting the investment so that we can get a recovery from the recession, let us look at the ID card system and the Trident programme as projects to be cut.

David Taylor: The hon. Gentleman is always extremely interesting to listen to on financial matters. I, too, have been a strong opponent of ID cards and Trident—but does he acknowledge that cutting investment in those projects would also reduce the number of jobs available in the Scottish economy and elsewhere? Specifically, the increases in expenditure, which he is criticising in relation to the Chancellor's statement, will have a knock-on effect through the Barnett formula, which he adores and I detest.

Stewart Hosie: I know that the hon. Gentleman always listens intently when I speak in the House; it worries me. I say to him that the Barnett formula cuts both ways, and the Treasury has confirmed that the departmental expenditure limit will be reduced for 2010-11, so it is a bad time to be cutting investment in the recovery when there are alternative cuts that could be made.

The Budget also tells us how out of touch the Government were. They were frantically running around pretending that they were not complacent last year, when they said that we would come out of recession only a few weeks from now. Yet the Chancellor managed to say that he believed the economy would begin to recover this year. Given that the OECD and Ernst and Young are still forecasting negative growth for 2010, it seems almost unbelievable that the Government can forecast that we will come out of recession in 2009. I fear that when the pre-Budget report is delivered at the end of the year, the Government will give us another three or four-month target, and that may not be met either.

The full implications of the recession are clear—not least the fact that, at 2 million, unemployment is already hitting the target forecast for the end of 2009. The Government appear to have been dragged here kicking and screaming to come clean about the true size of the national debt, which they have left as a mortgage debt for our children. It is £1.6 trillion-ish. I am not sure whether that includes everything, but it is bound to include an awful lot. I am not sure what the figure per household is in the United Kingdom: £70,000, perhaps. There are people in the real world who cannot afford a mortgage for their houses, but they may well be left to pay for one in the form of their share of the debt that the Government have built up.

David T.C. Davies (Monmouth) (Con): I think that the current figure is about £22,000 per person.

Stewart Hosie: We shall have to do the sums later. I am trying to do the mental arithmetic: £1.6 trillion divided by 26 million households. May I ask the hon. Gentleman to intervene again in a few minutes once he has worked it out? That would be great.

The £1.6 trillion figure makes the time before the recession, when there was a national debt of nearly half a trillion, seem almost like a golden age of prudence. The problem is, however, that it was not. It was a housing boom built on a credit bubble. There was too much money in the system early in the cycle, and too much debt at the end of it.

We are responding today to a Budget statement from a Government who saw a million manufacturing jobs lost on their watch before the recession started, and 30,000 factory jobs lost every month since then. That makes it worse that the £500 million that they are trying to cut from the Scottish budget may undermine the vital efforts to save jobs and stimulate the economy in Scotland. Although unemployment there is lower than it is in the United Kingdom, and although employment is higher and economic inactivity rates lower, there has been a rise in unemployment as part of the rise to 2.1 million in the United Kingdom. There was a record rise of 138,000 in February, and 177,000 people became unemployed in the last quarter. That means that 2,000 people a day became unemployed under Labour in the last three months.

Those are frightening figures. We must not allow anything to happen that would undermine the ability to invest in a recovery, and in particular, to create jobs.

However, it is difficult to see how many of the proposals in the Budget would do anything to create the million or so jobs that we need. Even today's measures to create green jobs, which I welcome, I am treating with some caution, particularly the announcement about carbon capture and storage, and some of the other green measures.

As the Minister will know, we have heard much of this before. In the 2005 Red Book, the then Chancellor, now the Prime Minister, said that the Government must examine

"how it might support the development of CCS in The Climate Change Programme Review".

In his pre-Budget speech in the same year, he said:

"Carbon capture and storage protect the environment from carbon emissions by containing them at source".—[*Official Report*, 5 December 2005; Vol. 440, c. 612.]

In the 2006 Budget, he said:

"Following a joint study with the Norwegian Government, we have found that carbon capture and storage in the North sea can reduce emissions...by 80 per cent." —[*Official Report*, 22 March 2006; Vol. 444, c. 294.]

In the 2006 pre-Budget report, he repeated and paraphrased that statement. In 2007, he said:

"The Secretary of State for Trade and Industry is announcing today that Britain will launch a competition to go ahead with our first full-scale carbon capture and storage demonstration."—[*Official Report*, 21 March 2007; Vol. 458, c. 821.]

On 27 February 2007, the then Minister for Science and Innovation said:

"The pre-Budget report committed to making a decision this year, and I am advised that it is not incompatible with the Miller field decommissioning time scale."—[*Official Report*, 27 February 2007; Vol. 457, c. 246WH.]

On the same day, the Secretary of State for Scotland said in the Chamber that the Government would make a decision "within months". On 23 May, following the Government's inability to make a decision, BP pulled out of the £500 million project at Peterhead, and the investment went to Abu Dhabi.

As Ministers will appreciate, we will look closely at the small print of the CCS proposals. Perhaps we will be told at some point how much money will be available, what the time scale will be, how the arrangements will work, whether there will be a consultation, and if so, when it will be launched. My colleagues would be delighted to hear the details.

It is difficult to see how the Budget will do anything to remedy the fact that according to the CBI's assessment, not only is cumulative output forecast to fall by 4.5 per cent., but manufacturing output is forecast to fall by 10 per cent. and investment to fall by 9 per cent. Given those figures, how on earth do the Government expect us to believe that we will be in recovery by the end of 2009?

I said at the outset that the Government were out of touch, and I think today's statement confirmed that. Last November they said the national debt would rise to £1.2 trillion; today they confirmed that the figure was £1.6 trillion. They said that the economy would be £78 billion in the red this year; we were told today that that sum is now £90 billion. We were told that the Government would have to borrow £300 billion over the next three years; we learn today that they were out by £138 billion. Governments used to be accused of being at sixes and sevens; I think this one are at billions and trillions, because that is how far out they are in their forecasts.

The Government's other dirty little secret is the private finance initiative. We assessed last year that the taxpayer's PFI liability had increased by £30 billion merely in the six months between the Budget and the pre-Budget statement. Today's Budget shows that up to 2033 the taxpayer liability remains over £200 billion, at £204 billion, much of it off balance sheet.

It is true that reduced demand has driven down the price of oil, but according to today's figures, the North sea will still generate £45 billion in revenue for the Treasury over the next six years, compared with £41 billion in the six years between 2002-03 and 2007-08. However, given that the Budget forecast is based on a price of $46.7 a barrel, whereas Merrill Lynch has forecast $62 a barrel for 2010, and delivery prices for 2015 are already sitting at $80 a barrel, the real price and revenue yield is likely to be far higher. Those future prices confirm that the Treasury will continue to take a great deal of money from the North sea, but they also indicate underlying inflationary pressures, which risk worsening an already appalling trade deficit as the costs of essential imports rise. Even with a 15 per cent. fall for the pound against the euro since last summer and a 25 per cent. fall against the dollar, today's Budget forecasts, and the forecasts published in the last week or so, show a staggering £44 billion balance of trade deficit and an extraordinary £93 billion deficit in the trade in goods—all the more reason to have a proper manufacturing strategy as soon as possible.

Today the Chancellor commented on many of the Government schemes designed to kick-start the economy. Many are not yet up and running; some, such as the enterprise finance guarantee scheme, have been the subject of complaints around the country; others, such as the VAT cut, have saved less than half the number of jobs that direct capital investment could have saved. However, having put those schemes in place, and having lauded President Obama for his stimulus package, we now find that the Government are intent on doing the opposite of what they were trying to persuade the rest of the world to do, by making a £15 billion cut next year, including a £500 million cut in Scotland.

At a time when the state of Maryland, whose population is a similar size to that of Scotland, will receive £2 billion extra to spend, mainly in 2010, in fiscal stimulus, this Government are planning to cut investment, which is the wrong thing to do in the teeth of a recession. Indeed, the £15 billion cut will take more out of the economy than the VAT stimulus put into it. Therefore, the Chancellor is risking delaying the start of the recovery and making that recovery more painful than it might be. I do not want anyone to misunderstand me: I think that belt tightening is essential. The year-on-year efficiency savings of the Scottish Government represent the right approach. We must squeeze every ounce of value out of every public pound spent, but in the teeth of a recession, with unemployment rising and output and productive capacity down, we cannot risk undermining efforts to restart the economy anywhere in the UK.

[Stewart Hosie]

I do not expect the Government to listen to me or take my word for it, but they should listen to the Scottish Trades Union Congress. Its general secretary, Grahame Smith, has said:

"Cuts in funding for vital public services would be a disaster which Scotland's communities will feel for many years to come",

and he is absolutely right. The Government have failed to take any responsibility for the economic mess, and bits of this Budget might compound that error, make recovery more difficult, stifle business growth and hit hardest the communities who most need help.

When the Leader of the House says that we cannot cut our way out of a recession, I suspect that at least some people on the Labour Benches might want to listen. When Rhodri Morgan says that the archangel Gabriel could not find such proposed cuts without damaging public services, more people on the Labour Benches should listen. It is not too late to protect jobs and the economy, but I am sure that if the Government are not prepared to take the right steps to continue reflationary tactics and the recovery stimulus now, the electorate will speak volubly in the June elections, and in the next general election, about how the recession should be fought and about how recovery should be progressed.

5.35 pm

Alan Simpson (Nottingham, South) (Lab): Given the perilous state of the world economy in which the Budget has had to be presented, I wondered whether the Chancellor would open his Budget statement with reference to words used by someone else. I could have pictured him opening with the following remark:

"I would say to the House, as I said to those who have joined this Government: 'I have nothing to offer but blood, toil, tears and sweat.'"

I would not have begrudged him if he had gone on to include the following words:

"We have before us an ordeal of the most grievous kind. We have before us many, many long months of struggle and of suffering."—[*Official Report*, 13 May 1940; Vol. 360, c. 1502.]

However, this was not a Churchillian Budget and it did not contain a national mobilisation to deal with the severity of the threat that we face. That threat is not only the current credit crunch and global economic collapse. As my hon. Friend the Member for Brent, North (Barry Gardiner) pointed out, it is the sense that as we get through this stage of the crisis we will encounter a series of crises waiting for us in the pipeline. Those will primarily be ecological and resource crises; we will find ourselves facing peak oil, peak phosphates and peak water. Those ecological crises, which involve the limits that nature sets on the way in which we construct our view of economics and society, will profoundly change the whole way in which we have to think about the role of government, governance and economics in the 21st century.

The right hon. Member for Haltemprice and Howden (David Davis) rightly said that we have been living through an era of delusionary economics. My only disagreement with him comes from the fact that one cannot confine that era to the past 10 years, because it is a 20 to 30-year period in which the politics and the economics of the UK have been caught up in the age of avarice. We have presumed that everlasting growth could be based on everlasting consumption, based on the creation of limitless debt. The prophets of that sort of economics are those who brought it crashing to its knees. They were not the bulk of constituents in any of our constituencies; they were the people in the glittering towers of the global finance industry who demanded global deregulation of financial movements on a colossal scale and whose collapse is now requiring everyone else to pay for their profligacy.

My disagreement with the right hon. Gentleman came when he described today's capitalist system as a parody of Marxist market regulation. In a sense, I would have welcomed anything in the past 20 or 30 years that was a parody of Marxism, but we have not seen any such thing. What we have seen is, in a sense, a squandering of conventional and ecological resources to the point where we face a need to mobilise the remaining resources that we have in a quite different way.

The Budget that we required today needed to be based around three components: honesty, a degree of equity, and something approaching the visionary. I give the Chancellor credit for the attempt at honesty about the circumstances in which the Budget was constructed, but in truth the Budget only tiptoed towards equity or to anything that might be construed as visionary.

One of the starting points for the equity agenda is the need to recognise—difficult as it may be for colleagues on the Labour Benches—that the tax gap between the richest and the poorest has actually widened in the 10 years or so that we have been in government. The poorest 20 per cent. of the population pay some 39 per cent. of their incomes in taxation in one form or another. The tax contribution by the richest 20 per cent. has fallen to an average of 35 per cent., and the very rich pay a considerably lower percentage. I had hoped that the Chancellor would use the Budget as an opportunity to remove dramatically some of the tax cushion constructed over the past 20 years that featherbeds the extremely rich. The opportunities were there to be bolder than he was today.

In my opinion, the Budget should have removed the ceiling on national insurance contributions, which would have given the Chancellor an extra £11 billion of retained revenues in the Exchequer. If the basic rate tax allowance had been applied to all pension savings, rather than the higher rate, the Exchequer would have an extra £6 billion. If we were to attempt to end the profligacy of self-reward in the bonus culture, share-option offers and short trading, we could have introduced a 75 per cent. tax on all such activities. That would not stop those activities, but people would be taxed for the damage done by that short-termist and speculative approach to the UK's economy.

I read an article last week that powerfully made the case for the presumption of a minimum tax obligation. For those earning more than £100,000 a year, the presumption would be that a minimum of 35 per cent. of those earnings would be paid in tax. For those earning more than £200,000, the presumption would be that 45 per cent. tax would be paid. The collection from those shifts in taxation presumptions would give the Exchequer an extra £25 billion with which to mobilise a shift in how we spend, or invest, our way out of recession.

For the record, I should say that I would support those hon. Members who would willingly vote—on a pragmatic as well as a principled basis—to abandon the

commitments to the introduction of ID cards, which would save £12 billion, and the Trident renewal programme, which would save £75 billion in lifetime costs. There are much better uses for those resources, which the nation now needs to mobilise very differently.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does my hon. Friend agree that there is no reputable academic evidence that levels of taxation relate to incentives to contribute to the economy?

Alan Simpson: One of the things that has annoyed and confused me over the years is the nonsensical view of incentives. Whenever we talk about what is required to provide incentives to work for the poor, it is compulsion and punishment. But apparently the rich have to be courted, wooed and induced to work. We need a consistent view of what mobilises people. This may be an appropriate time to reverse the presumptions that I have described and, for experimental purposes, woo the poor but punish the rich, but I do not want to go down that path. I want to go beyond presumptions about whom to punish and reward, because the real challenge as we make our way through this recession is to find a different and visionary description of how society can work. For me, the answer is unquestionably to be found in the greening of all future Budgets.

I am pleased that the Chancellor today introduced the first of the annual carbon budgets, and that he has recognised it as a benchmark commitment that is important in global terms in the run-up to the Copenhagen summit at the end of this year. However, it is important to put the UK's performance in the context of the performance of other countries that are not necessarily making the same strategic claim.

The most recent appraisal of the green proportion in governmental intervention measures and stimulus packages introduced around the world puts it at an average of around 15 per cent. In the UK, the proportion is just less than 7 per cent. That makes it hard to describe us as a world leader in that context. Moreover, the most recent analysis of that 7 per cent. suggests that the carbon savings in the green measures are outweighed by the carbon impact of the 520 carriage miles of new road construction that are also part of the package. Our attempts at carbon balancing must achieve carbon-negative Budgets. We cannot disregard the carbon damage caused by one part of the stimulus package that outweighs the carbon gain in another.

David Taylor: My hon. Friend is perhaps the most prominent ecological economist of his parliamentary generation, and he will be greatly missed. Does he agree that we should treat the proposal for a scrappage allowance of £2,000 for cars over 10 years old with some caution? It gives the Budget a coat of green paint, but about 20 per cent. of all carbon emissions in a car's life are caused at the point of manufacture, and any savings that may be obtained by cleaner cars that use less fuel should be read in that light. Moreover, only one in seven of the cars purchased in this country is assembled here, so any economic benefit will be restricted.

Alan Simpson: Those are important points, and we are going to have to weigh very carefully the carbon footprint of manufacture. Nothing can be made without a carbon impact—that would be like making an omelette without using eggs. That is the difficulty, and the question that we must resolve is how we make sure that the carbon gain of what we do outweighs the carbon cost. That is a terribly important consideration.

My worry about the scrappage scheme is that it is very short term; it expires in 2010. It is cash-limited as well as time-limited, and it attaches no conditions to the nature of the replacement vehicle. We had a decade of voluntary agreements with the UK car manufacturing industry between 1997 and 2007, during which time the industry was supposed to reduce emissions from new cars manufactured to less than 140 g of carbon per kilometre. We got nowhere near delivery of that target.

The successful schemes elsewhere on the continent contain conditionalities that require the replacement vehicle to emit less than, say, 100 g of carbon per kilometre. There are at least eight vehicles on sale in the UK that meet that standard. As I understand it, at least another six will become available this year. It is right to say that green measures will shift us to the consumption of things that tread more lightly on the planet, and away from the consumption of goods that tread heavily on the planet. However, there are no conditionalities built into the UK scrappage scheme proposals that would structurally move us to where we need to be within the next two to three years.

With green measures, I always think that the most important thing to do is to translate the notion of green or ecology into practical, tangible jobs. Without a doubt, the leader in that field internationally is South Korea. Its stimulus package is around £30 billion, 81 per cent. of which—£23 billion—is to go on green measures. It has set itself some very specific targets. Not all of them will be earth-changing, but they mobilise huge numbers of people. For instance, it is a commitment of the South Korean Government that the lighting in every single public building in South Korea will be changed to light-emitting diode valves this year. More than 1 million light bulbs and light fittings will have to be changed. Every one of those fittings will have to be changed by people who are capable of carrying out the electrical installation. People will also have to manufacture the bulbs. That shift will deliver both jobs and a dramatic reduction in the carbon consumption of all public buildings, and the commitment is that it will take place this year.

South Korea has also made a commitment to build within the next four years 1 million eco-homes, and a further 1 million existing houses will be refurbished to low-carbon standards. The number of jobs involved in that process is massive. South Korea is using directed public investment, channelled through private providers in the construction and contracting sector, to deliver both economic and ecological transformation. It has a quantitative target for delivering change. My experience of trying to do similar work in countries in other parts of the EU shows that wherever a country runs those practical, targeted programmes, today's unemployed, and particularly today's young unemployed, are desperate to be part of it. They want to be part of the solution to today's problem, rather than be defined as today's problem. We have to address their aspirations in the context of the practical jobs that such a green transformation would bring.

[Alan Simpson]

I was pleased to see in the Government's proposals an extension of the low-carbon buildings programme. It is a small measure—a commitment of £45 million to extend the programme beyond its expiry date of June this year. The reason I focus on that is that, although our Government are committed to introducing feed-in tariffs for renewable energy into the UK energy market by hope, the end of this year or by the beginning of next, almost all the renewable energy sector was saying to us that unless there was a bridge between the end of the low-carbon buildings programme in June and the start of the feed-in tariff regime at the beginning of next year, the bulk of the industry would die. The reality would then have been that, by the time our Government got round to introducing the feed-in tariff regime, the only suppliers catering for and responding to the regime would have been outside the UK. It is a therefore a huge "small" relief. The industry that we have, which has survived despite rather than because of Government policy, will at least still be in existence when we produce the real stimulus to shift us to renewable and sustainable energy systems.

To do that, however, we needed bigger measures in the Budget. At least £100 billion ought to have been allocated to the creation of a green infrastructure bank. Some of the moneys raised from the tax changes that I mentioned earlier could have been used. More importantly, we need to understand that we are currently putting about £50 billion a year into UK pension funds. The difficulty is that those funds are still circulating in pursuit of short-term returns within a speculative and almost paranoic global financial market. We need to give people the capacity to invest in their own ecological future and their own pension security. A green infrastructure bank, underpinned by that sort of funding, would be an essential part of the transformational shift that we must make.

I mentioned the shift into feed-in tariffs by the end of the year. Some Members of the House may be aware that, somewhat belatedly in my parliamentary career, I have been appointed Government special adviser on the introduction of feed-in tariffs.

David Taylor: Bought off.

Ms Abbott: Bought off.

Alan Simpson: Bought off, I hear from my friends and comrades. I welcome the ritual denunciation, but I ask them to hold fire because there is a gap between that appointment and the fact of not having a single meeting with officials at the Treasury or the Department of Energy and Climate Change to drive that through. All my experience suggests that there is an intellectual inertia at the core of our civil service that blocks the introduction of radical and dramatic changes, because civil servants have been caught up in a 20-year culture of non-interventionism. They would just like someone else in the market to do it for them, rather than taking hold of the responsibility for driving the change.

To make matters easier, in default of the civil servants doing any work on the framework for introducing feed-in tariffs, I have produced a document myself, which sets out exactly the sort of tariffs that would make viable the introduction of feed-in tariffs on photovoltaics, biodigesters, solar thermal—the whole range of renewable technologies that we could and should be supporting. It will require someone to drive that through, and that, for me, is what is missing from the Budget: the willingness to drive aspirations into deliverable and measurable policy changes within a defined timetable. If we are to do that, it would be a great advantage to recognise the points that were recently made about where our current business-as-usual case would take us in UK energy accounts. The business-as-usual case will take us into a huge deficit in the balance of payments for the consumption of energy by 2020. That is on the conventional plan.

However, a fascinating report came out this week from Delta Energy and Environment which points out that a dramatic shift into UK renewables would not only see us delivering more than 15 per cent. of our energy requirements from renewables by 2020, but more importantly would see us with a £12.5 billion surplus on our energy account—primarily because the jobs and services would be delivered for ourselves, rather than our being dependent on external suppliers for our energy security. That is the direction in which we must drive our efforts.

The same applies to our existing housing. The reality of environmental transformation is not to be found in how many eco-homes we start to build after 2016. It is what we do with the 25 million properties that people live in today. If we want a jobs agenda that makes consistent sense with the environmental and training and skills agendas, we need something that will radically transform the quality of life of people in this country's 25 million housing properties.

That is why I began my speech with a reference to Churchill's wartime Budget statement. I suspect that, for the remainder of my lifetime, we will have to address crisis—mobilisation-style—Budgets to take us through one crisis after another. I say that not to scare people but simply to point out that the situation requires us to step up to the plate—to be big enough to govern our way through that transformation and those crises. It will require us to mobilise people in a way that we have not been used to doing for 20 years or more.

My pitch to the Prime Minister and to the House is that Gordon needs a carbon army. That carbon army should comprise many of the 2.1 million people who are out of work and hungry for meaningful, secure, long-term and transformational jobs. If we could harness the desire for work to structured plans for transformation, we would have a Budget that was the saving, not so much of this Government but of this society for future generations. We require Budgets that live more lightly and sustainably on the planet. Sadly, today's Budget is several steps away from that. I urge Ministers to think again and find the courage to step in and act in transformational terms to save the ecological future of our society and our country. It is infinitely more important and urgent than the situation in which they found the courage to intervene to save a banking system that, some would argue, would have been better left to collapse.

We can survive in this society if we rebuild banks on the basis of securing people's savings, not of guaranteeing speculative debts. We cannot survive as a society if we squander the ecological capital that our children and grandchildren will need to draw on if they are to survive and prosper.

6.2 pm

Mr. Ian Taylor (Esher and Walton) (Con): I, first, declare my entry in the Register of Members' Interests—in case anyone thinks that my interests benefit from this Budget.

Our level of debt before the recession was so high that, now, we are less able than we would otherwise wish to react to the problems that we face. The current Prime Minister must regret the profligacy of the former Chancellor—the sadness, of course, being that they are the same person. In his new role, he suffers from the problem that we spent too easily money that we did not have. It is not just the banks that got us into trouble, but the Government's expenditure, which was not related to the true state of even a successful economy. It means that, now, we probably have the fastest rising Government debt as a proportion of GDP of any advanced nation in the G20. The debt, which this country will continue to face over the next decade, will take an age to pay off. No wonder this document before me used to be called the Red Book.

Mr. Evans: The in-the-red book.

Mr. Taylor: It was in the red; now it is white. It pretty much says, "We're putting up the white flag." We are in a desperate state, and the Government need to admit that they have to take the blame. Having said that, I must say that, although we are in such a bad state to start with, some of the Government's actions during the recession have been sensible. One thing that I give the Prime Minister credit for is his recognition that this is a global problem—although he got it the wrong way around: he said that he was here to save the world; actually, the world is here to save us. What I mean by that is that the globalised impact that has affected all the advanced countries of the world—and caused collateral damage, of course, in the less developed world—has shown that we cannot adjust an economy only by taking measures internally. We learned that during the banking crisis. I do not think that the American Government entirely understood what they were doing in allowing Lehman Brothers to collapse. They did not understand that the certificates securitised on the back of the mortgage industry not only involved Lehman Brothers in New York, but were spread—we still do not know how widely—around the world. Everybody in the world was therefore suddenly affected by the American Government's decision.

In a different context, we have understood that it is no good having a currency that falls in value if there is nobody to buy our exports, which would normally have benefited from the situation. In a different context again, the German Government suddenly understood that although they had felt that their domestic economy was doing well, they forgot that their whole economy depended on their tremendous historic success in the export markets; other countries needed to reflate if the German economy was to survive.

The Government got it right in another way. In a recession, there is a temptation—an obligation, almost—on the private sector to save, or reduce its borrowing. If that is the case, it is essential that the Government do the opposite; otherwise, the recession will be deeper and longer. The Government stimulus was the right move. The criticism might be that they did not handle their VAT reduction well. The timing was not good because all the Christmas sales were on at the same time, and it was difficult to get a 2.5 per cent. reduction on VAT of 17.5 per cent. across to the public at that stage. However, I suspect that the cut has now begun to stimulate the economy, as certain independent bodies have begun to say. That is a belated bonus.

The overall stimulus package was right, however. I disagree with what I think the hon. Member for Nottingham, South (Alan Simpson) was saying. Of course it was essential to protect the banking sector, because without it there would not have been ecological activities at any level—let alone the levels that he would like. How we protect the banking sector is a detailed matter, which Select Committees can investigate for weeks on end, but what I am saying is that the Government were right to introduce the stimulus package. That stimulus has been allied to the stimuli that have taken place in other countries. In the end, the stimulus in Germany turned out to represent a bigger percentage of GDP than our own. The American stimulus is an extremely important event. There are criticisms that it has gone too far, and Congress has ample ability to add in a few pork barrel opportunities, which will probably distort the package. Nevertheless, the overall thrust is right.

The collective effort of the world has been such that I think that we can now see the beginnings of the end of the worst of the recession—although sadly, as always, the bad news is still to come out. Unemployment in this country will rise towards 3 million because of the economy today, even though the country may see a turn in its overall economic prospects. Those prospects have changed because there has been collective action around the world, although it has been difficult. As long as the measures agreed are applied in practice, the G20, which is actually the "G28" in this sense, was rather effective.

There is a lesson to which we should pay attention in this country. It is that we are one member of the "G28", but things are beginning to change in the world. Washington and Beijing regard the real determinants of how the global economy rebuilds as being down to the "G2"—China and America regard themselves as being the two that determine how it goes. Why is there not a G3? Because the European Union has not been as effective as it needs to be. It will not surprise some of my hon. Friends if I say that it is in the British national interest that the European Union is more effective, because by ourselves, however much we try, we will not make our voice heard within the G28 at the level at which we have traditionally thought that it would be heard. Our influence therefore has to be exerted through a collective role for the European Union in what would then genuinely become a G3 rather than just a G2.

With all that is happening, we have seen that the world economy has a chance of recovering. I would like to share some of the thoughts expressed by my right hon. Friend the Member for Haltemprice and Howden (David Davis) in what was an extremely good and quasi-philosophical speech. We have to accept that just hoping for recovery will not be sufficient, and that it is about time that we started to think about what sort of economy we really want. It must be open and global, yes—for the reasons I have stated, it is almost impossible for it not to be so. Certainly, the old capitalism based on

[Mr. Ian Taylor]

the individual and—to employ a word used by the hon. Member for Nottingham, South—avarice will not do. The public will not buy it: they want something more.

We have to be slightly humble in this country and try to work out what others have tried to formulate in different ways—a concept of social democracy and Christian democracy rolled together, where the reason for prosperity is that it means we can help each other and help people who are vulnerable. If that is the purpose of growth, profit and expansion, they are worth having and worth striving for. We want to rebuild the financial community, we want London to regain its status as a financial global centre, we want to build up business again to be profitable, and we want the banking community to start lending. That is not because we want to give people back their bonuses or give them the opportunity to make money and have bigger cars, but because it is the only way that we can have enough wealth to share with other people. That vision makes it absolutely crucial that we start to rebuild now. If we can provide that moral leadership, we can begin to influence not only people in this country but those in a wider sphere. That has been lacking in the debate so far. We have been agonising about this or that isolated issue, such as whether the automobile industry is going to recover. All those things are important, but they provide no context as to what we are trying to do.

I hope that the Government and my own party will try to put our current circumstances into context. There is a desperate hope that the Government have got their growth forecast figures right. For goodness' sake, if they had made those forecasts as a public company, they would have been de-listed from the stock exchange and banned from ever being a director again. Somehow, we can get away with such forecasts in politics, but people cannot get away with it in business. We have to hope that growth returns, but if the public are to go through the pain of the almost inevitable increases in taxation as well as the impact of restraint in public expenditure over the next few years, they have to know what it is all for—why we are trying to rebuild this society and this economy, what we are trying to do as part of a structure, and why we are trying to help people who are most vulnerable. It is because without doing that, we will have instability in society.

Another vision is very important; it is, in a sense, a parallel vision to that of the hon. Member for Nottingham, South, but more general. It is about the importance of creating a society that is capable of solving some of the problems that we as individuals face, which means meeting the need to spend more money on science, research and innovation. That is partly because there is a competitive world economy, and if we do not do it in this country, other countries are doing it. President Obama has put an enormous amount of money into science and research in the US. His stimulus budget is about $22 billion. But what is required is not just sums of money but a vision. In the great depression, Roosevelt had that vision and launched a crusade to try to change the infrastructure, science and ecological environment of the south of the United States, with tremendously positive results, and galvanised people in the process. We have lost that in this country.

Today's Budget picked off a few things that were honourable, admirable or whatever we want to call them, but they did not cohere. There was not the drive for ecological change for which the hon. Gentleman and I share a desire, with different emphases. There was no understanding that this is an opportunity to consider unleashing medical science to solve some of the big medical problems. The Cooksey report gives us guidelines as to how we might go about that. We could try to unlock some of the scientific problems that will determine the quality of life in this country.

In my own report to my party's Front Benchers, I have proposed an innovative projects agency, which would start with £1 billion. It has some similarity with what the Government have started today, but it would be intended to take ideas beyond the point of discovery. We have huge admiration for our scientists who come up with brilliant ideas from basic research, but we are less good at pulling those ideas through into practical application. We cannot expect the private sector to do that by itself. There has to be collaboration in that grey area between discovery and proper application. The Government should be doing those things, and they should engage the public more in why they are being done. It is not about picking winners; it is about stimulating opportunities for the economy, which can then provide benefits for other people. I could go through a list of areas in which I would like that to take place. Last night I became the chairman of the all-party parliamentary and scientific committee, and I hope to make many more speeches in the House on these matters, so I shall not get down to specifics now.

At a time of real depression, when there has been a Budget that contained extremely depressing figures, we need an uplift. The Minister of State, Department for Environment, Food and Rural Affairs, is smiling, and that by itself is an uplift for me, but I think that the public will probably be a bit more demanding. They want not just some context to the pain that they are going through now—believe you me, even in my constituency in Surrey there are plenty of people in pain—but to know why they will have to bear the pain in the future. What are we really trying to do? What can we do to make society cohere so that it comes out of this stronger? Then they will understand why they might have to pay a top rate of tax of 50p in the pound. People are more generous-spirited if they know why something is being done. I did not get that from today's Budget, and I wish that I had, because it is in the national interest that we should.

6.18 pm

Mr. Frank Field (Birkenhead) (Lab): I shall speak very briefly, because others wish to get in. I shall focus on two aspects of the Budget. On the first part of the speech, Members on the Labour Benches were thrilled when the Chancellor said that even in times of extreme difficulties, we had different priorities from others and would ensure that the Budget was shaped in such a way as to protect the poorest. We are never happier than when the Government are ensuring that there is a wide, red sea between us and the other side. There was slight disappointment among many of us, if I put it gently, when the Chancellor did not go on to say what he was going to do about the 10p losers. I am sure that the Treasury Front-Bench team will not be too dispirited to know that some of us will return to that issue, to ensure

that that red sea is even wider than the Government envisaged in the Budget statement. However, all credit to the Government for saying that the worse the crisis, the more focused we must be on the poorest.

My second point is on a similar theme: no crisis, however horrible, should make us waste radical purposes. I have listened to Budget debates in the House for 30 years, yet I have never before felt the excitement, if that is the right word, that I experienced just before 1 o'clock, when the Chancellor announced the public borrowing for this year and next year—£175 billion this year and £173 billion next year. At that very moment, the country's economic future, and much more besides, was cast on the waters of the money markets. If the Government are not successful in raising the record sums of money, we will clearly be in great difficulties. Hon. Members know—thank goodness, the figures have become common currency—that we are attempting proportionately to borrow more than any of our fellow G8 members. The times are therefore difficult for the Government and the country. Even in the early stages of trying to raise the debt, there has been some stickiness—I put it no more strongly—in the gilts market, where the Government have not always got their way in raising the money on the weekly basis that is required.

The Budget contains a table—C7—which gives urgency to my comments. The Chancellor was, thank goodness, as optimistic as ever about recovery, despite the fact that, compared with the time of the pre-Budget report, when we thought that unemployment would be about 1.4 million at the end of next year, he now believes that there will be 1 million more unemployed—approximately 2.5 million. According to the International Labour Organisation's definition, the figure could be above 3 million. Not only constituents in Surrey feel the pain, but Members of Parliament will feel the pain of going into an election, if it is held in April or May next year, with unemployment at that level.

The Chancellor suggests in table C7 that, even after a considerable period of recovery, we will not get revenue to support expenditure—we will not get revenue to reach 38 per cent. of GDP—by 2013-14. Yet all of us are on the drug of wanting Governments to spend 45 or 50 per cent. of GDP. I am worried about how the Government will raise the funds, given that a Government who wished to squeeze the rich "until the pips squeak", as Mr. Healey once said, did not get revenue above 37 per cent. of GDP. Much more than what the Budget outlined today is required.

We must not only think of effective ways in which to raise revenue, but think in a way in which we have never previously thought about how we cut—I use the word "cut"— public expenditure. It is not that I am not radical, but in those circumstances we might find ourselves being even more radical than we have been in the past.

I offer an illustration of that. I have lobbied the Government to adopt a pension reform that, in a sense, leads to a loss of interest in the huge ramifications with which we concern ourselves, and goes for a single objective of trying to guarantee a pension that, over time, lifts everybody out of poverty. It will obviously take time. It is about building an investment fund around the pay-as-you-go state scheme. At the moment, the Government are rejecting that reform and are committing us to a programme that will add 5.5p to the standard rate of tax, spending more on their pensions reform, yet that will leave 40 per cent. of pensioners poor.

In this situation, radicals will say, "Surely we can begin to spend that money much more effectively," which would mean something like the proposals that a number of us have put forward. That would not only secure the huge gain of committing the Government for the first time ever to ending pensioner poverty in times when we are cutting public expenditure, but for the first time ever open the debate in a civilised way about how we disengage from public sector pensions, including our own pension. We could safely say that we were closing all schemes to new members, because we would have in place a guarantee that nobody who is a citizen and does their bit will end up poor. We would then begin not only to save public expenditure on the Government's pension proposals, but build big savings into our national accounts over time from the closure of all public sector schemes, including our own.

That would also begin to give us the vision that was talked about by the hon. Member for Esher and Walton (Mr. Taylor), whom I am pleased to follow. We need some sort of vision to engage, as my hon. Friend the Member for Nottingham, South (Alan Simpson) said, in a way that galvanises the population. As we try to get our expenditure down to what taxpayers are prepared to pay, we clearly need some vision of what the new state is going to be like, because it will have to do things differently.

I thank the Government for suggesting that our side is going to have as our priority protecting the poorest. We are going to put even more wind in their sails. I hope that we will do justice to the 10p losers before the Finance Bill is through, as we said we would. There are 3.8 million of them out there still waiting for us to deliver on that pledge, and that is quite a lot of constituents and voters.

In a sense, one's whole empathy is with the Government, as they now try to grapple with what will be, for the rest of my lifetime, the central domestic political issue: how we begin to get the revenue that we can raise in taxes towards the level of what we can afford to spend. That will bring about a change in politics, which will not be just old-fashioned cuts politics and all the rest, but will open enormous opportunities for radical politics. I hope to be around for a few years yet to participate in that.

6.28 pm

Mr. Graham Brady (Altrincham and Sale, West) (Con): It is always a pleasure to listen to the right hon. Member for Birkenhead (Mr. Field). I would not have minded listening to him for a little longer, but he was commendably brief. I am grateful to him for that, and will try to do the same service for colleagues who are still hoping to participate in this debate.

The right hon. Gentleman rightly said that one of the central points that needs to be addressed in future years, and perhaps even decades, is how we bring revenue towards expenditure. However, he was also honest enough to say that we urgently need to bring expenditure towards what can reasonably be borne by revenue, and the willingness and ability of the public to provide it. That is the central point that we need to consider in the context of this Budget.

[Mr. Graham Brady]

The right hon. Gentleman also spoke about the spectre of the vast and rapidly increasing levels of unemployment, as did a number of hon. Members in all parts of the House. That is an increasing concern for us all, in all our constituencies. I know that I am not alone in having seen unemployment in my constituency more than double in the past year, which is an alarming increase, albeit from a relatively low base. The announcement of £1.7 billion more to help deal with that problem is welcome, as long as it is used effectively. I have a real concern, however, that that might just go into the machinery of the new deal, and much of it could be wasted, just as so much has been wasted by using the revolving door method of taking people off unemployment benefit, thus reducing the apparent period of unemployment, then dumping them back on to it. I hope that the Government will make every effort to ensure that those resources are directed to the more effective schemes. Those are often the smaller, more local schemes run by voluntary organisations, of the kind that are all too often run much more effectively in other countries than they are here.

There are, of course, measures in the Budget that we all welcome. I was pleased to hear the reference to the trade credit insurance measures, for example. I am sure that Members across the House will hear repeatedly from those in their constituencies and elsewhere about the very real problems that they are encountering because of the withdrawal of trade credit insurance, so I hope that the scheme will be effective. All too often over the past few months we have seen schemes brought forward with commendable motives, but which do not seem to have come into effect as quickly or as substantially as is needed.

I want to say a few words about some of the details that should have been addressed in the Budget but have not been, before I make a wider point afterwards. I know that Ministers are engaged in live debates on these matters, but I want to highlight some of the things that are missing. Last year I spoke against the adoption of aviation duty, which I thought would be a bad tax that would have all sorts of negative effects. I was therefore delighted when, in November, the Government accepted that it would be a bad tax and would not work. However, they then responded by introducing some ad hoc measures relating to air passenger duty, which have problems of their own, especially in connection with the banding, and the fact that an unfair burden is being imposed on premium economy seats. I know that Ministers are dealing with those problems—or at least having discussions about them—and I know that they are difficult to resolve. However, given that the Budget papers today tell us that the projected revenues from air passenger duty are reducing rather than rising, we have to wonder whether the Government themselves think that they have got that tax right.

I raised the issue of fuel duty in the Budget debate last year. We have now seen a further increase. That will be painful for drivers, but massively painful for British hauliers, who face intense competition from continental Europe, where their competitors often pay much lower rates of duty. There was some recognition in the pre-Budget report of the problems relating to fuel duty, and it was said that the VAT cut would give a degree of compensation, although of course that will only be temporary. The Chancellor said earlier that he would keep an eye on oil prices, but we have heard from the hon. Member for Dundee, East (Stewart Hosie) that the future price of oil looks worrying. To follow up on the point made by my hon. Friend the Member for Esher and Walton (Mr. Taylor), we still see no coherence in what the Government are trying to achieve through the fuel duty. Do they want to set a competitive level or are they concerned only with maximising revenue? Do they really recognise the necessity to ensure that our industry remains competitive?

This illustrates the central contradiction in the Chancellor's approach. That contradiction was there before today's Budget, but it was also clearly displayed within it. It can be summed up by looking at the temporary VAT cut, which was introduced with the intention of reducing the severity of the downturn by about 0.5 per cent. of gross domestic product. There are questions about whether it was the most effective way of reducing tax in order to achieve that goal, but its introduction provided a wonderful moment of hope that perhaps, after years of the Government thinking that taxes on businesses and consumers could be increased without limit, without having any negative effect or inflicting pain on the economy, the Chancellor was going to cut taxes to benefit economic growth in the United Kingdom. However, the reduction is, of course, temporary, and due to be reversed at the end of the calendar year—and if we look at the wider set of proposals in the Budget, we see fiscal tightening over the years ahead: £1,000 of tax rises per family over the next two years.

As the right hon. Member for Birkenhead said, the massive expansion of expenditure over a number of years has led to an unsustainable structural deficit, and what we have not seen in today's Budget is a credible path towards removing it—nor have we been given a clear sense of how the Government will arrive at a sustainable level of spending in the future. We will all be fighting those battles for many years to come. I hope to be here, along with the right hon. Member for Birkenhead, to listen to future Budgets, which I hope will make the real progress that this one has failed to make.

6.36 pm

Mr. Nigel Evans (Ribble Valley) (Con): It is always good to follow my hon. Friend the Member for Altrincham and Sale, West (Mr. Brady)—which is what my hon. Friend, in turn, said about the right hon. Member for Birkenhead (Mr. Field). They both made forceful and thoughtful speeches, showing great restraint in their timing; I shall do the same, as I know that at least one other Member wishes to contribute to the debate.

First, I declare an interest as the proprietor of Evans News, a convenience store in Swansea that sells alcohol and cigarettes, for both of which this Budget has implications. Much has been said about the public debt that has been built up, and the enormous public debt that will be built up this year and next—the greatest public debt that this country has ever seen.

Government Members accuse us of just wanting to cut public spending, but that is simply not the case. We want to see public spending improved in some key areas. As many hon. Members will know, after getting a

super-bug infection in a Swansea hospital, my mother died on 27 March. Almost 10,000 people died of super-bug infections in 2007, and no Member wants to see avoidable deaths continue at the present level in our hospitals. To put the number of hospital deaths from super-bugs into context, fewer than 3,000 people died from accidents on the roads. Money should be directed towards ensuring that hospital infections are completely eradicated; they seemed not to occur at all 20 years ago, yet all of a sudden there are massive numbers of deaths. I wanted to raise that issue on behalf of my mother and others, but I shall not concentrate on it any further today.

I wished to raise a number of points, but given the time constraints, I shall deal with only a few of them. Some hon. Members have already spoken about the support needed by small and medium-sized enterprises. Business rates clearly affect them, and although the Government have announced that the misery to be inflicted on SMEs will be spread over more years, the fact remains that they will still have to suffer the pain of paying higher business rates. Some SMEs are marginal businesses, and some make hardly any money, so we must ensure that we support them properly, and find ways of limiting the business rates that they have to pay.

I also want to say something about credit insurance, and also something about the short-time working subsidy, which the Government need to consider further.

One campaign that I have been running, which has clearly been a complete flop, is the "Axe the Beer Tax" campaign. We saw further increases in taxation on beer today, yet 40 pubs close every week, and thousands of people are losing their jobs every year. Pubs are small and medium-sized enterprises, and we all know the great work that those iconic British institutions play in our communities, not just in rural areas, where they are particularly important, but throughout the country. Pubs have dual uses, and the rate at which they are closing has not been helped by the continuation of the taxation that the Chancellor has announced today.

I have received a letter from the Government. We asked about a differential tax rate for beer pulled at the pump as opposed to beer sold in bottles and cans from supermarkets, but I am told that we cannot have that, because the EU will not allow it. I implore Ministers to go to Brussels, sit with the Commission and work out what it takes to change that directive, or law, so that we can start to support the great British pub again. I will leave that suggestion with the Exchequer Secretary to the Treasury; I know she is aware of the issue.

The next issue is fuel, which my hon. Friend the Member for Altrincham and Sale, West mentioned. Fuel is almost reaching £1 a litre again—another increase was announced in the Budget today—and 70p of that £1 goes in taxation. It is not as if we operate in splendid isolation from other countries. We do not. My hon. Friend mentioned hauliers, who are put at a competitive disadvantage. For my constituents in rural areas, cars are not luxuries. In many cases, no rural public transport whatever is available to them, so they need their cars. I ask the Government to look at the impact that that increase is having on rural drivers and people who need a car to go to work. Government must not simply take motorists for granted and impose ever-increasing rates of taxation on them.

One area that the Government might reconsider, where we might be able to make substantial savings, is that of some public sector salaries—my right hon. Friend the Member for Wokingham (Mr. Redwood) touched on this subject. MPs are pilloried in the papers for the amount that we earn, but my goodness, we are mere amateurs compared to some local authority chief executives and officers, and others who operate within the public sector.

It has been recorded that more than 1,000 people who work in local authorities earn more than £100,000. At least 16 of them earn more than the Prime Minister, at more than £194,000. One earns more than £500,000. For goodness' sake, where is the pay restraint in local authorities? Pensioners and people living on limited and poor incomes are having to scrape together the money to pay their council tax, yet it is being siphoned off by an elite group who work for our local authorities. That must be looked at again. Such salaries must be capped. There has to be restraint in our local authorities.

The other issue also involves the public sector, and there must be capping here, too. I serve on the Culture, Media and Sport Committee, and I always enjoy having Mark Thompson, the director-general of the BBC, give evidence before us—but he earns more than £800,000. I cannot believe that sort of money—and of course he also has expenses on top of that. Again, that makes MPs look like complete amateurs, as such people are trousering lots of money in expenses and showing no restraint whatever.

The head of Network Rail earns £1.25 million a year. Adam Crozier of Royal Mail earns almost £1.25 million. Andy Duncan at Channel 4 earns £1,211,000. Where is the pay restraint in the public sector? One lady has just taken over as chairman of Ofcom; she works less than five days a week, and earns more than £200,000 a year. *[Interruption.]* I am informed that she works a three-day week. We know that there are quango heads who earn substantial sums for part-time work. Quite frankly, that shames us all, because we have lost the plot, and lost our grip.

A lot of non-jobs are advertised in *The Guardian* and local papers up and down the country. If they did not exist, nobody would miss them, but my goodness, we would all benefit from saving the money that we are throwing at some of those non-jobs.

I have been a Member of Parliament for nearly 17 years, and I have to say that this Budget, as a whole, is the grimmest Budget, for the grimmest conditions, that I have ever seen. We have had a bankrupt Budget from a bankrupt Government who now administer a bankrupt country. Each time the Chancellor said that he wanted to do something to help the country, I thought that he was going to announce his resignation, but sadly, he did not. The best thing that he and the rest of this Government could do would be to go to the country, and ask for the public's verdict on how they have conducted the country's affairs.

6.45 pm

Willie Rennie (Dunfermline and West Fife) (LD): I am not sure whether it is the immediate effect of the Budget or that the House authorities have decided to turn up the air conditioning, but I have been freezing for three and a half hours. I am glad that I am now able to exercise a little—to get moving, and start the blood circulating around my body.

[Willie Rennie]

I do not know whether I am alone in this, but I do not like to think about the stars and the planets. It tends to hurt my head if I think about things that are beyond my comprehension, and I think that that was the Chancellor's general approach today. He preferred to talk about the minutiae. He spurted out figures, one after another. In one section of his speech, when he was talking about banks and percentages, we heard about percentages of 59, 68, 74, 78 and 79, and sums of £175 billion and £173 billion. He then mumbled some generalisations about the future, but he avoided talking about the big picture.

I think that it was the hon. Member for Esher and Walton (Mr. Taylor) who asked what was the vision for the Budget, and he was spot on. If people are to buy into the pain that we will experience, they need to know what is the promise—the pledge—for the future, but there was nothing for them to grab other than a series of individual announcements. I welcomed some of them: the announcement on carbon capture, about which I shall say more shortly, was excellent. However, there was no big vision. There was nothing for people to grab hold of and consider to be worth going through pain for.

One of the biggest financial stimuli—although I am not sure whether the Chancellor classed it as a financial stimulus—was for Jobcentre Plus. While I think it worthy to invest more money to retrain and support people, I do not recall the Chancellor tramping around the world trying to secure the support of other countries for that sort of financial stimulus. I am not sure whether we have been given the Budget that we have been promised over the past few weeks. I believe that this is a Budget of missed opportunities.

The big debate on which the Prime Minister likes to try to make us focus deals with whether we are to have the do nothing approach of the Tories or the all-action approach of the Labour party. It would be nice if it were as simple as that, but in the case of a financial stimulus it is what we do that counts. I want to try to create something new out of this crisis. I do not want to patch up the old; I want to create something of which we can be proud. The hon. Member for Nottingham, South (Alan Simpson) made some good points when he described, very knowledgeably, the experiences of South Korea. I think that we should try to build something of that kind.

I am particularly disappointed because a manufacturer in my constituency is having to lay people off because the train maker Bombardier and the bus maker Alexander in Falkirk have laid people off, having not secured the orders that were promised in the general furore following the initial financial crisis. The fact that people who were employed to manufacture buses and trains are being laid off at a time when we are trying to create a new environmental economy is an indication that the Government may have got it wrong.

In Dunfermline, the break-up of the Dunfermline building society has been a traumatic experience over the past two weeks. I am pleased that the Scottish Affairs Committee has agreed to conduct an inquiry into the breaking up of Scotland's largest mutual society. I want the Committee to take evidence from a range of people, not just the directors, the management and the Financial Services Authority. I think that the Prime Minister should consider giving evidence. He should do so because when he was Chancellor he did not impose the appropriate financial regulatory machinery that would have prevented these catastrophic mistakes from being made within the society. Although it is quite a small society in UK terms, it is a symbolic institution and it is right on his doorstep. He will feel pressure locally, therefore, and he might want to seek the opportunity to explain what his role was in the demise of the society.

There are some related issues. I was hoping that we might get some more radical reform of the Financial Services Compensation Scheme, because the balance between risk and value in how the levy is allocated is completely out of kilter. There is not the appropriate recognition of institutions that are relatively safe in their outlook, and they are therefore penalised in the same way as the reckless. I was hoping a reform would be announced today, but, alas, that did not happen.

The second issue is the capital requirement. Lord Turner has advocated a flexible capital requirement for institutions, which should lend from 7 per cent. in the good times to 4 per cent. in the more difficult times. Unfortunately, the Financial Services Authority imposes a requirement of 8 per cent. across the board, which penalises a lot of organisations and institutions that are doing a very good job in very trying circumstances.

Since the beginning of the year, I have visited about 100 businesses in my constituency. Going around them is a very interesting experience, because we often think they are one big homogenous mass and that everybody is suffering right across the board, but that is not true. Some businesses are actually doing quite well. They are smart businesses that are adapting to the circumstances. They might be operating in the "make do" area—fixing fridges or cars, perhaps. They are doing quite well; they are recruiting people and they are quite optimistic. I must add, however, that there were a lot of empty units as I travelled around the industrial estates, so there were others who were not able to speak for themselves. Nevertheless, we should acknowledge that despite the trying circumstances some businesses are doing quite well, and we should not kid ourselves that they are one big homogenous mass. We should reflect on that when devising policy, because we need to have appropriate mechanisms in place to support the businesses that are doing well—despite the best efforts of the Government, I would add.

Bank lending is an issue. The Red Book contains some figures about how much the banks are committed to lending over the next year: £25 billion for RBS, £14 billion for Lloyds, and £5 billion for Northern Rock—and I am sure there are others. The trouble is, however, that it is all very well committing, but the conditions and the commercial requirements that are in place are crucial. We need to have arrangements that recognise valuable businesses.

Lots of people have come to me—I am sure this has happened to other Members, too—who are incredibly frustrated that they are unable to squeeze any money out of the banks and other institutions. They have good business prospects, they employ quality people and they know how to run businesses, but they still cannot get the money out. It is not that they get a flat rejection;

what they get are delays and barriers—they might be asked to return to their bank with yet another requirement—and eventually they just give up.

I met someone on Saturday who was incredibly frustrated. He was a smart guy with a great business opportunity, but he is not managing to go ahead with it simply because the banks were not prepared to lend him the money he needed. This is partly to do with the skills of the people who work in the banks. In the past they were salesmen grabbing every opportunity they possibly could, but now they are being told to hold back, and they think, "I'm not going to be the first person to say to my manager that I want to make a slightly more risky loan than others might recommend even though I think it's a great opportunity." We need to ensure that we have quality people within these institutions who can assess whether a business is a good opportunity.

Mark Durkan: I have talked to people involved in banking in my area of Northern Ireland and they have confessed that in the past 10 to 15 years banks were lending junkies. Yet now, as the hon. Gentleman acknowledges, we are relying on the very pushers to manage their way through this problem. We have recapitalised the banks—we have put the money in and helped to stabilise them—and are simply relying on them to conduct things, yet, as he says, we hear from businesses that they are not getting the credit. Does he agree that this House perhaps needs to have more oversight of banking performance and practices in such circumstances? We cannot leave it to the Treasury Committee to try to pursue and examine these things, in addition to the huge amount of other things that it is having to deal with in this situation. Given the scale of intervention and support that there has been from the taxpayer, perhaps we need to see how the House can provide a bit more oversight and put better manners on some of the banks.

Willie Rennie: That is absolutely right, although I am not sure that we are the best people to run the banks and I fear that in the current circumstances we may go from one extreme to the other. I think that the banks have gone from being lending junkies to not lending anything at all because the have clamped down on everything out of the fear that they will be the first to get it wrong. We should have more oversight, but the banks should look at the quality of the people working for them—I am sure that they are doing that. We do not need the pushers any more; we need the assessors, who can spot value and spot the winners. If we do not get that area right, we will end up suffering even more.

The Government should be putting much more of a social economic requirement on the banks. It should no longer be the case that we are just trying to look after the taxpayers, which seems to be the only requirement in the Red Book—the aim is to try to get the money back into the Government's coffers as quickly as possible. A measure needs to be in place to ensure that we direct the banks more to have a social economic requirement. We own most of them now so they should have such a requirement in place.

I wish to discuss carbon capture in the last couple of minutes available; I was very enthusiastic about today's decision, because it presents a great opportunity for one of the biggest coal-fired power stations in the UK—Longannet power station, in my constituency. I understand that the hon. Member for Dundee, East (Stewart Hosie), who is not in his place, is sceptical about whether the Government will go ahead with the proposals, but I think that they will go ahead; I shall be encouraging them every step of the way as I want it to be done as quickly as possible. If we can get carbon capture up and running effectively, we will make a significant impact on climate change.

Longannet power station has been the powerhouse for Scotland for decades, but it could now become the green powerhouse for Scotland. I strongly believe that we could create a centre of excellence around it. I know that it has to go through a competition process and it is not guaranteed to secure a scheme, but the Government did talk of up to four, and there are only three on the shortlist, so there is a possibility that it might get one. I was delighted to hear that that is being introduced.

On more of a disappointed note, the final thing that I wish to mention is the Forth road bridge, which, again, is local to my constituency. The cables on it are breaking and there is a recognition that it needs to be replaced, but that will cost about £1.7 billion to £2.3 billion. The Scottish Executive have singularly failed to raise a single penny to fund the new crossing and are now going cap in hand to Westminster. I appeal to the Treasury to come up with the necessary funding to ensure that we are able to build the new bridge, because if we are not, that major artery will be lost not only to the east coast of Scotland, but to the whole of Scotland.

Ordered, That the debate be now adjourned.—*(Helen Goodman.)*

Debate to be resumed tomorrow.

Business Without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House, I shall put motions 2 and 3 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

INTERNATIONAL DEVELOPMENT

That the draft Asian Development Bank (Ninth Replenishment of the Asian Development Fund) Order 2009, which was laid before this House on 9 March, be approved.

EUROPEAN COMMUNITIES

That the draft European Communities (Definition of Treaties) (United Nations Convention on the Rights of Persons with Disabilities) Order 2009, which was laid before this House on 18 March, be approved.—*(Helen Goodman.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

THE EUROPEAN UNION AND THE ARCTIC REGION

That this House takes note of European Union Document No. COM(08) 763, Commission Communication on the EU and the Arctic Region; welcomes the Commission's Communication as the first step towards an EU Arctic policy; and encourages the Government's active engagement in further discussions to ensure that UK interests are reflected in the EU policy.—*(Helen Goodman.)*

Question agreed to.

WELSH GRAND COMMITTEE

Ordered,

That—

(1) the matter of the Budget Statement and its implications for Wales be referred to the Welsh Grand Committee for its consideration; and

(2) the Committee shall meet at Westminster on Wednesday 6 May at 9.25 am and between 2.00 pm and 4.00 pm to consider the matter referred to it under paragraph (1) above.—*(Helen Goodman.)*

PETITION

Sri Lanka

7 pm

Mr. Parmjit Dhanda (Gloucester) (Lab): I have a petition to present on behalf of members of the Tamil diaspora in the UK, specifically from the area of Gloucester.

The petition states:

The Petition of supporters of members of the Tamil Diaspora in the United Kingdom,

Declares their deep concern about the current humanitarian crisis facing the Tamil people in northern and eastern Sri Lanka.

The Petitioners therefore request that the House of Commons urges the Prime Minister and the Secretary of State for Foreign and Commonwealth Affairs to call on the Sri Lankan Government for an immediate ceasefire to be implemented to prevent the unnecessary loss of innocent civilian lives; to recognise the right of the Tamil community on the island to self determination; and to allow all necessary humanitarian aid and international aid workers into the conflict zone in northern and eastern Sri Lanka instead of calling for the Tamil people to leave their traditional homes and villages.

And the Petitioners remain, etc.

[P000351]

Debt Collection (Consumer Credit Act)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Ian Austin.)*

7.1 pm

Andrew Mackinlay (Thurrock) (Lab): The purpose of this debate is to draw the House's attention to the abysmal state of debt collection methodology and the spirit governing it in the UK and the wholly inadequate safeguards for good and innocent people who are endeavouring to pay debt or who dispute it. It is a matter of fact that the debt collection industry relies on a combination of fear and ignorance to make a profit, and that is despicable.

In 2006, the Office of Fair Trading and related agencies received some 5,700 complaints. In 2007, that figure had reached 8,000 and more than 11,000 complaints had been received by August 2008. That is a total of 25,000 complaints in three years, but the Office of Fair Trading took formal action—such as licence revocation or suspension, or the imposition of other requirements on debt collection agencies—in only four cases. I shall illustrate tonight that that is a wholly inadequate response and that Parliament has failed to stiffen the sinews of the OFT and give it legislative powers and duties to protect and promote the interests of innocent people.

By coincidence, in the past 24 hours, the OFT has taken action against an outfit called Mackenzie Hall. Some of its procedures were found to breach the OFT's guidelines. Ray Watson, the OFT director of consumer credit, said:

"Pursuing with debt collection activity when debts are in dispute can give rise to significant consumer detriment, particularly where vulnerable consumers are involved."

But that is a pathetic response, because similar abuse happens every day in countless agencies. All we see is limp and late action by the OFT.

How did I come to seek this debate? There were several reasons and I shall share them with the House. First, a constituent wrote to me in March because he had received a menacing letter from the communications company 3, which claimed that he owed it more than £800. The letter requested that he

"treat this matter with the utmost urgency. Failure to respond within 20 days of the date of this notice will result in our chosen specialist debt purchasing partner Lowell Portfolio 1 Ltd directly contacting you to arrange repayment of the outstanding balance."

This menacing letter totally bewildered my constituent, who had never had knowledge of 3, or dealings with it. As his Member of Parliament, I wrote to the company on 26 March. I asked what all that was about and said that my constituent was bewildered and anxious, but I have not received a reply—except for the fact that, by another amazing coincidence, there was a phone call to my office just two hours before I commenced this Adjournment debate, asking for more information. That gives an idea of the sort of cavaliers and cowboys that we are dealing with, among both the companies themselves and their agents. Such behaviour has got to stop.

Secondly, in February I happened to listen to the very fine BBC programme, "You and Yours", on which I think that the Minister subsequently appeared. The whole programme was devoted to the menacing attempts by debt collection and communications companies, as well as banking and financial institutions and others, to

extract money from people. Some of the people involved are wholly innocent and do not have any debt, while others either dispute the debt or are willing to come to an arrangement about its repayment. The programme found that the companies had responded with bureaucratic inertia or an inability to communicate, or with the malevolent and menacing actions that I have described.

Last Sunday week, *The Sunday Times* carried a very forensic and skilful article by its "Insight" team, in which they described the conduct of the Lloyds Banking Group's debt collection department. Workers in the so-called "recovery" department were secretly tape recorded, and the tapes revealed that it was suggested that they should put "the frighteners" on and "f..." customers who owed the bank money. Bank staff were incentivised by bonuses and, contrary to the code of practice of the Office of Fair Trading, claimed to represent firms of solicitors.

The bank's staff are poorly paid, and have every incentive to maximise the extraction of money from the people whom they telephone. Inevitably, that leads to breaking the OFT code and often to a menacing attitude. One lady, a nurse, told *The Sunday Times* that she had been called six times a day at work, something that again breaches the OFT guidelines. Moreover, it was reported that the people who train new staff and induct them into the recovery unit persuaded them to remind home owners about repossession, and to tell them that they could be credit blacklisted.

Mr. John Leech (Manchester, Withington) (LD): Will the hon. Gentleman give way?

Andrew Mackinlay: No. I hope that the hon. Gentleman will forgive me, but there is not enough time. Perhaps he will be able to intervene in a minute.

Although recovery department staff were Lloyds's employees, they tried to imply that they were part of a firm of solicitors by the name of Sechiari Clark and Mitchell. That, of course, was quite false. I hope that the Minister will confirm that he has read the article in *The Sunday Times*, as I have been able to give only a summary of it in the few minutes available this evening.

The programme "You and Yours" showed the extent, scale and gravity of the callous and dilatory nature of debt collection in this country. I know that the Minister listened to the programme, and I hope that he has been able to consider the follow-up programmes. For instance, one lady described how the Bank of Scotland had constantly bombarded her and her terminally ill husband with insensitive automated phone calls. Another person, Marian Parks, described how the same bank's actions had impacted on her father, John Leather, and set out all the problems that arose as a result. To their credit, her family was so incensed that they entered into litigation before Mr. Recorder Grice at the Truro county court, where the matter was determined on 23, 24 and 25 February. It is interesting that Mr. Recorder Grice described the so-called Triad system, which involves constant automated telephone calls to alleged debtors, as

"a juggernaut which cannot be stopped very easily".

He went on to say that

"the Bank of Scotland comes at you from all sides",

and that the Bank of Scotland's explanation

"would be farcical had it not been so stressful."

He described how use of the Triad automated telephone system went on and on. He said that there were certainly grounds for "criticism" of the Bank of Scotland and its "inflexible system", adding:

"what I find really disturbing is the complete absence of a personal safety net...I think the Bank of Scotland should be subject to significant criticism".

Also in the bundle of documents presented to the court was the "advanced call skill read-ahead package" for staff who work in the bank's recovery system. It tells them to use the following threats:

"keep your car...protect your credit rating...be able to get future credit...prevent legal action".

It suggests "borrowing from...relatives" and asking:

"Is your husband/wife employed?"

and so on. All that, of course, is against the spirit of the OFT code and the banking code.

The radio programme to which I referred also demonstrated the courage of a Mr. John Cooper, who took on the communications company 3, which I have already mentioned. He had purchased, some time ago, phones for his daughters, but they did not work in his area. He cancelled his direct debit. It would appear that that alleged debt was sold to a company called HFO Services, which persisted, menacingly, in trying to get him to cough up some money, to the extent that his daughter was fearful that its representatives would seize property in the home. I heard on the radio—I think that the Minister will have done so, too—a recording of a telephone conversation in which a representative from HFO Services, speaking from a call centre in Asia, said:

"Despite leaving several messages on your answer machine and despite trying to get in touch with you, you have failed to respond back. Now if I don't receive your call today I would go ahead and forward the"—

there followed an indistinct word—

"to Northampton County Court so that there would be a county court judgement issued against you. And it might be also the court appointed bailiffs. If you want to save yourself some legal hassles please call me back."

That is completely and utterly contrary to the codes. Of course, the company was exposed by the BBC. In a feeble statement, the outfit called HFO Services said:

"HFO views any alleged breach of the OFT guidelines or applicable legislation as a matter of the utmost seriousness."

It would say that, wouldn't it? That does not impress me. It tried to give an excuse and pretended that it would have an investigation. I have to say that the director of that company knows what is going on in his call centre. If he does not, he should, and anyway, he is culpable.

I have referred to the guidelines, and I will place a copy in the Library. They are self-explanatory and common sense, but they are wholly inadequate. They need to be beefed-up. They were last reviewed in 2003. They do not take into account the automated dialling system, through which the menacing goes on and on. Both the guidelines and the judgment of the recorder to whom I referred need the attention of the House. The brave people who took the matter to court suffered constant harassment by means of automated telephone calls and so on, but found that that did not constitute harassment in law. We need a lower threshold for the

[Andrew Mackinlay]

term "harassment" and/or to find an alternative offence to protect and promote the interests of vulnerable people.

We should also enable the OFT to order a stop notice that suspends debt collection activities if it becomes aware of a case in which, prima facie, there is a breach of guidelines and/or clearly a dispute about whether a debt exists. That is what is required.

Since I appeared on the programme "You and Yours", I have been overwhelmed by heart-rending cases. The MBNA bank has been pressing people. Bank after bank, institution after institution have been overbearing in the way in which they have approached decent people. E.ON used Advantis Credit Ltd in a disgraceful episode in terms of the manner in which its staff approached people who were alleged debtors.

I shall now gladly give way briefly to the hon. Member for Manchester, Withington (Mr. Leech), who has been very helpful.

Mr. Leech: I thank the hon. Gentleman for giving way. When I tried to intervene, he was speaking about solicitors' letters. Companies use solicitors and try to give the impression that the solicitors are independent, whereas they are often in-house solicitors who are used to try and scare vulnerable people into acting and giving them the money straight away.

Andrew Mackinlay: Absolutely. The industry is rotten to the core, whether it is in-house recovery and collection, or where agents are used, or where the debt has been sold. I want the Minister to introduce legislation to prevent the sale of debt. Although that practice has gone on since biblical times, it seems wholly wrong that alleged debt can be sold when there is a dispute as to whether there is a debt.

Anybody who is being pressed for a debt should have a statutory right to speak to somebody in authority in the company or organisation which believes that it is owed money. There should be no automated dialling, and people should have a named person to contact. Every effort should be made to achieve reconciliation where there are disputes, and to minimise the trauma for people who have a debt, but cannot pay. Unless the House and the Minister arrest the practice and kick the backside of the Office of Fair Trading, the problem will grow, and more and more Members will be distressed on behalf of their constituents.

7.17 pm

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): I congratulate my hon. Friend the Member for Thurrock (Andrew Mackinlay) on securing the debate. I recognise that he has a long interest in the behaviour of debt collection agencies and the way in which they are regulated. Others in the House are concerned about the issues that he raises, and I and Ministers in other Departments have taken those issues extremely seriously. I recognise that we need to do more, and in that spirit I welcome tonight's debate and his continuing interest in the subject.

Some of the concerns that my hon. Friend raises were sharply brought home to me early in my current ministerial job by the tragic death of Beryl Brazier. Hon. Members may remember that Mrs. Brazier took her life after being hounded for the debt of a man with whom she was not connected. Since the events leading up to the death of Beryl Brazier were first raised in the House by my hon. Friend the Member for South Derbyshire (Mr. Todd), I have pursued the need for action to ensure that we tighten the system of regulation in such cases.

The Beryl Brazier case indicated that appalling errors were made in transferring the background facts of the case between the businesses concerned with pursuing the debt. Such failures in transferring data between lenders, debt collectors, tracing agents and debt purchasers are not only a breach of the law, but are unforgivable, especially when they result in such tragic consequences. New powers introduced as a result of the Consumer Credit Act 2006 and implemented in April 2008 have helped the Office of Fair Trading to begin to tackle poor practices within the industry still further.

The OFT established in April 2008—just 12 months ago—a dedicated unit to monitor debt collection agencies, which it rightly identified as a sector of the business world needing particular monitoring. I shall come to how those powers have been used by the OFT, but first I should say that the OFT has long given clear guidance that debt collection agencies should make reasonable efforts to obtain from a creditor or other agency sufficient information about the debt. For example, the OFT would expect the debt collection agency concerned to have checked the accuracy of the client data details that it received from the creditor or agency, and, where possible, to have obtained a copy of the original consumer credit agreement.

Equally, creditors are responsible for ensuring that debt history data are clear, accurate and capable of use by debt collectors, and, of course, for being clear to consumers who may dispute the debt. Debt collectors who hold a consumer credit licence also need to comply with specific fitness guidance that the OFT has issued, covering the debt collecting sector. The guidance was reviewed just three years ago. The new powers implemented under the 2006 Act in April last year have helped the OFT by allowing it to place requirements on licensees to modify conduct. Those powers have also allowed the OFT to impose financial penalties of up to £50,000 a time for failure to comply with a single requirement.

Since April last year, the OFT has also had new information-gathering powers, enabling it better to monitor compliance by seeking information from licensed businesses about their activities, including their debt collection practices. In addition, the OFT now has powers to take into account a company's competence lawfully to carry on credit activities when assessing its fitness to be given or to retain a licence. The OFT must also, when determining whether a licensee is fit to hold a licence, consider any evidence of the licensee being engaged in business practices that appear to be deceitful, oppressive or otherwise unfair or improper.

Andrew Mackinlay: I am very pleased with what the Minister is telling us, but my anxiety is that, if the OFT starts using those sanctions, as I want it to, some companies will simply dissolve themselves and the same bad directors will constitute new companies and go back to their old customers. Will there be some protection to ensure that such abuse—such getting around the situation—does not prevail?

Mr. Thomas: Let me turn to the scale of the action that the OFT has already taken, because I suspect that my hon. Friend is not aware of just how much activity has taken place. I should add that the OFT's debt collection guidance covers such practices. In particular, it says that putting undue pressure on debtors is considered to be oppressive, while ignoring claims that a debt is disputed would constitute unfair practice by the debt collector.

Debts are often disputed by those being pursued for them, and, in such cases, the industry's immediate response should be to suspend debt collection, and the case should be thoroughly looked into. Indeed, if that had only happened in the case of Mrs. Brazier, she might still be with her family today. Let me again be clear to the House and to such companies: if a licensed debt collection agency or a creditor persistently fails to comply with the OFT's debt collection guidance, or if there is evidence to substantiate claims that the licence holder has engaged in unfair business practices, the OFT can ultimately revoke its licence, effectively putting the trader out of business. Any persistent failure by a creditor to provide accurate information could also reflect on that business's fitness to continue to hold a licence.

As I have mentioned, since April 2008, the OFT has had a strengthened role, requiring the provision of more information from businesses engaged in high-risk credit activities, such as debt collection, when they apply for a licence or to renew an existing licence. That is to ensure that business will be carried out to a reasonable standard. In some cases, the OFT will commission on-site visits and reports from trading standards officers to help in its judgment about whether at the heart of a business's processes and procedures—what it actually does—there are genuinely good standards: for example, whether adequate staff training procedures are in place to ensure that a firm's legal responsibilities are properly understood at every level of the organisation.

I should tell the House the scale of the action that the OFT has already taken. It has already initiated a total of 186 so-called warning and advisory letters, which have been sent to businesses in the sector. In addition, a further 22 formal actions have been taken, resulting in, for example, seven licences being surrendered, four licences being refused or removed, four businesses being given significant undertakings and four cases in which requirements have been imposed. I recognise the statistic cited by my hon. Friend about OFT action, but I hope that he will recognise that far broader enforcement activity has taken place.

Let me give specific examples of recent informal and formal action. In April 2008, in response to an increase in complaints about debt collection practices, the OFT wrote to 13 companies—including debt collection and trace agencies, debt purchase businesses and financial institutions—warning them to take steps to improve their debt collection practices. Among the more serious practices identified from the complaints were the chasing of consumers for payment of debts that they did not owe, partly because of over-reliance on the poor data provided by creditors and poor or inappropriate tracing activities; failing to properly investigate disputed debts; and employing an over-aggressive or oppressive approach to recovering debts, including, on occasion, refusing to deal with or bypassing third-party representatives such as citizens advice bureaux.

The 13 companies were required to review their policies and procedures for tracing debtors; that included keeping client information up to date and maintaining its accuracy. The OFT was satisfied with the responses of four of the companies and the steps that they had taken to ensure compliance, but it will continue to monitor complaint levels. It is still in the process of assessing or seeking information from the remaining nine companies. That could include carrying out on-site competence visits or seeking further information using its powers under the Consumer Credit Act.

At least one major debt collection company has updated its automated systems to reduce the likelihood of collection activity continuing when the consumer has disputed the debt. The OFT will be writing to creditor trade bodies reminding them of their responsibility to ensure that data used for debt collection are accurate and asking them to take action to improve the data that they pass on to debt collectors.

My next example involves the requirements imposed on 1st Credit Ltd. After an investigation, it was found that some of its business processes and procedures failed to meet satisfactory standards. As a result, that company and its associated companies must refrain from issuing statutory demands warning of bankruptcy when it is unlikely that proceedings will be initiated; not discuss legal action with consumers, unless it is likely that such action will genuinely be taken; ensure that sensitive cases involving vulnerable individuals—for example, those with mental health problems—are dealt with appropriately; and ensure that all matters of concern raised with them by the free advice sector and other third parties are dealt with appropriately.

A considerable amount of activity to raise standards in the industry has been initiated. However, I recognise my hon. Friend's central point: more action is needed. I have been working with the Credit Services Association, the main trade association in the sector, to get it to remind its members of their obligations to have the highest standards. The association has responded in a positive way. In particular, it has agreed to my request that it should offer debtors who contact a debt advice agency for help in sorting out their finances a 30-day breathing space to get their affairs in order. That follows our success in getting the credit card sector to agree a breathing space for its customers who approach a debt advice agency for first-time help. I am also calling in representatives of the utility sector for similar discussions about how they can best help customers having problems with their debts. My hon. Friend will have seen the announcement by my right hon. Friend the Prime Minister, confirmed again today by the Chancellor of the Exchequer, that a White Paper on consumer matters is being prepared, and that will touch on this subject.

This sector and industry are under the spotlight. Ministers, the OFT, Members of this House, the media and our constituents are all watching closely the activity of businesses in the sector. Considerable work has already been done to challenge poor standards and there has been progress, but I recognise that there is more work to do.

Question put and agreed to.

7.30 pm

House adjourned.

House of Commons

Thursday 23 April 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Clean Coal Technology

2. **Mr. Stephen Hepburn** (Jarrow) (Lab): What assessment he has made of the future use of clean coal technology in England; and if he will make a statement. [270299]

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): Coal has a vital role in our energy mix, particularly in ensuring that we maintain our energy security. My right hon. Friend the Chancellor of the Exchequer yesterday outlined plans for a financial incentive to support up to four commercial-scale carbon capture and storage demonstration projects. A new framework for the development of clean coal will be announced very shortly.

Mr. Hepburn: I thank the Minister for that reply, but does that mean that the coal industry in this country has a clear long-term role in energy generation in the UK, and is that not marvellous news for coal mining and for UK industry on this, the 25th anniversary of the miners' strike?

Mr. O'Brien: I hope that our announcement will indeed secure a long-term future for coal in this country. Today coal generates around a third of the electricity that we use annually, and in peak times particularly, such as when it was snowing in February, that can go up to 50 or 60 per cent. However, coal emits carbon and that is why carbon capture and storage is important. The CCS announcement is good news. A commercially viable CCS power station could secure the future of miners such as those at Daw Mill in my constituency for decades to come. There are still about 5,000 miners and 800 companies supplying the industry, many of which are small and medium-sized enterprises, so our announcement is, I hope, good news indeed.

Mr. Mike Weir (Angus) (SNP): The Minister will be aware that under BETTA—the British electricity trading and transmission arrangements—clean coal generation in England may well have to be balanced by generation in Scotland. However, the new system being promoted by Ofgem and the National Grid Company for balancing charges may lead to huge new costs for Scottish generators and could undermine investment in clean coal. Will he look into that and ensure that no such charges are introduced?

Mr. O'Brien: I cannot give the hon. Gentleman a guarantee that no such charges will be introduced. However, I am very happy to meet him and discuss some of those issues, which are enormously important. We meet regularly with Ofgem and we want to ensure that discussions about such issues are conducted appropriately.

Andrew Mackinlay (Thurrock) (Lab): Will one of the four clean coal pilot schemes to which my hon. and learned Friend referred be at Tilbury in Essex? If so, what sort of generation of jobs and skills, as well as energy savings, can my constituents expect?

Mr. O'Brien: I am afraid that I cannot indicate at this stage where each of the projects will be, but bids can be put in. My hon. Friend is a great advocate for his area and has been throughout his service in the House. I cannot indicate where the sites will be, but we will consider the projects in due course. We hope that we will be able to get a project in place and producing with carbon capture and storage between 2014 and 2016.

David Howarth (Cambridge) (LD): Many of us who have long supported carbon capture and storage as the best option for an interim technology to get us through to a more renewable energy supply system will welcome the announcement. However, we have also long been worried about the Government's dithering on the issue, which we suspect might have something to do with the fact that the closest rival of carbon capture and storage is nuclear. Will the Government now apologise to all those environmental campaigners who have been treated almost as if they were a terrorist threat over the past couple of years for putting forward a proposition that the Government now appear to be on the brink of accepting?

Mr. O'Brien: I am not quite sure what the hon. Gentleman means by various environmental campaigners, because people in the green movement have all sorts of views on the issue. There are some in the green movement who have been strong advocates of carbon capture and storage and there are others who have said that under no circumstances can we have coal power generation in this country. As with other groups of people, there are differences. However, we need electricity generation for the future in which we ensure a base load of nuclear and a clear component of renewables. The problem of intermittency needs to be addressed and that can be done by having the flexibility that gas and coal-powered generation with carbon capture and storage can provide.

David Taylor (North-West Leicestershire) (Lab/Co-op): Given the prerequisite of carbon capture technology, I would welcome an expanded role for coal in power generation. The last Leicestershire miners work in the Daw Mill colliery in the Minister's constituency and the coal is burnt at Ratcliffe power station just yards from the constituency boundary. Does he agree that there is a risk that an expanded role for coal will encourage UK

Coal in its expansion of open-cast coal extraction, which is absolutely unacceptable almost wherever we find it? UK Coal's vultures will be flying over the residual shallow seams left by the closure of deep mines and we cannot countenance that as the price of an expanded role for coal.

Mr. O'Brien: As my hon. Friend knows, the issues that surround planning and open-cast are matters for the Department for Communities and Local Government, but we want to ensure the future of miners—as he said, some of his constituents have worked at the colliery in my constituency at Daw Mill—and that deep mines have a long-term sustainable future. That depends on ensuring that we have CCS. As for open-cast, the Government and minerals planning guidance 3 have a presumption against it.

Gregory Barker (Bexhill and Battle) (Con): The news that the Government have effectively abandoned their previously slow, embarrassingly unambitious and unfunded CCS competition and moved towards the vision for CCS that was articulated by my right hon. Friend the Member for Witney (Mr. Cameron) last year is welcome, but there is still huge scepticism that this is just another Labour smokescreen of spin and rhetoric. We are to have a statement shortly on CCS, but can the Minister answer one fundamental question? Can he guarantee that not a single new coal-fired power station will be built without CCS being up and running from day one? Or is this just another Labour "Sometime never; well into the future; not on my watch" strategy to get the Government through a difficult political period?

Mr. O'Brien: We can see that the Conservative party's attitude towards the coal industry during the 1980s and early '90s, when the Conservative Government closed the pits, remains in place. The vehemence with which the hon. Gentleman put his points demonstrates how miners in this country have faced the Conservative party's opposition to their even being employed.

We will be making a statement within the hour—or very shortly; it depends on the first statement, so perhaps in two hours—in which we will set out in detail how we will be taking CCS forward. The hon. Gentleman's claim that the Leader of the Opposition has been in some way an advocate for the coal industry is laughable. Ensuring that we have a low-carbon economy, with coal as a part of that, and that we generate electricity from coal using CCS, is a key component of our policy.

Nuclear Power

3. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What recent assessment he has made of the contribution made by nuclear power to a balanced energy mix; and if he will make a statement. [270300]

The Secretary of State for Energy and Climate Change (Edward Miliband): In the nuclear White Paper, the Government made clear their view that new nuclear should have a role to play in the UK's energy mix. Nuclear is a low-carbon energy source that can help address the twin challenges of tackling climate change and ensuring security of energy supply. We are taking active steps to facilitate early deployment of new nuclear build in the UK by increasing certainty for investors and removing unnecessary obstacles.

Mr. Bailey: I thank the Minister for his reply. Rightly, the Government are committed to a low-carbon future. Can he explain how the recent announcement of 11 potential sites for nuclear power stations will contribute to that low-carbon future?

Edward Miliband: My hon. Friend is right. It was significant that the announcement about the strategic siting assessment and the 11 sites was broadly welcomed. That is a sign of the way in which the debate on nuclear has changed. Many people who once had doubts about nuclear have changed their view in the light of the threat of climate change. The strategic siting assessment is important for taking forward our plans for new nuclear. It will be followed in the autumn by the national policy statement, which will have the strategic sites attached to it. This is genuinely a consultation. There will be a month for the public to register their views, which precedes the formal consultation—a proper 12-week consultation. So we want to listen to people's views, but broadly the announcement seems to have been welcomed, including by those who live near the sites, which is a positive development for climate change and energy security.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): As vice-chairman of the all-party nuclear energy group, I certainly join in welcoming the decision, which is not before time. However, it often takes as long to get planning permission for a new nuclear power station as it takes to build it. Can the Secretary of State reassure me that the Government's Planning Act 2008 will do what it says on the tin and get planning permission through rapidly and effectively?

Edward Miliband: I can give the hon. Gentleman that reassurance. It is only regrettable that the Opposition did not think it appropriate to support the Planning Act and its Infrastructure Planning Commission, which is designed precisely to do what he says should be on the tin—to speed up the development of new nuclear. Just to make it clear to the House, the process will involve the publication of a national policy statement in the autumn with the strategic sites attached to it. There will then be a period of consultation—including, I think, with a Select Committee. The plan is then to designate by the spring. So, all being well, we have tackled the big issue around planning and I hope that we have done so in a fair way that gives people a chance to air their views. I am pleased to hear the hon. Gentleman's support for our plans on planning.

Mr. David Chaytor (Bury, North) (Lab): Will the Secretary of State update the House on his plans for the nuclear waste repository? Will he tell us specifically where it is going to be, how much it is going to cost and whether it will be open before the first new nuclear power station is built?

Edward Miliband: I can update my hon. Friend. We should be honest about this: this is one of the two most difficult issues around nuclear. The other is to reassure people about safety. I can tell him that three councils have come forward with proposals for the site of the repository. Preparing the repository will be a long-term process, but those plans are on track and we are talking to those councils about the kind of financial help that will be required. This is important for existing and new

nuclear waste. Another important point is that the cost of decommissioning will be borne by the companies; that is a very important part of the Energy Act 2008.

Martin Horwood (Cheltenham) (LD): In answers to parliamentary questions, the Department has made it clear that the office for nuclear development now costs the taxpayer £72 million a year and has more than 60 staff. Answers to similar questions about the office for renewable energy deployment have been much less clear, however. Given the importance of renewables, will the Government reassure the House that the renewables office will be the same size as the nuclear office, if not bigger and better funded? Or is this simply the first concrete example of the Government's commitment to new nuclear squeezing out resources for renewables?

Edward Miliband: Normally, the hon. Gentleman and I agree on a lot of issues, but we will have to agree to disagree on this one. In the debate on the low-carbon energy of the future, there is a danger that we might pick and choose between the technologies, when in fact we need all of them. We need renewables, new nuclear and clean fossil fuels. On the question of the size of the new office, I am sure that it will have the quality that it needs. The question about the renewables industry is completely right, and the announcements that my right hon. Friend the Chancellor made yesterday are significant for offshore wind, for the increase in the renewables obligation—which we intend to introduce—and for the funding for renewables. I can also reassure the hon. Gentleman that the office for renewable energy deployment—ORED—will be up and running and will make an important contribution to renewable development.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Following on from that answer, will my right hon. Friend give us the reassurance that microgeneration—particularly at domestic and community level—will form an important part of the mix? Will the same level of effort be put into microgeneration, given that it will surely play an important part in ensuring energy security?

Edward Miliband: I agree with my hon. Friend about this. Yesterday, the Chancellor made an additional £45 million available for microgeneration, to take us up to the introduction of the feed-in tariff in April 2010 and the renewable heat incentive in April 2011. Those are important steps to help the micro-power industry, from which we have had strong representations. Microgeneration can play an increasingly important role at individual and community level, and I hope that we are now putting in place the mechanisms that will support it.

Charles Hendry (Wealden) (Con): We agree with the Secretary of State about the role for unsubsidised nuclear alongside renewables and gas and coal with carbon capture in a balanced energy mix, but does he recognise that the energy crunch will be with us by 2016 at the latest, as one third of our existing coal capacity is due to come offline before then, and that because of the Government's failure to secure investment earlier, most of the new capacity, including all new nuclear, cannot come on-stream until well after that date? Does he understand why so many people believe that the Government's failure to lead in carbon capture technology, their failure to secure adequate levels of gas storage and their over-reliance on onshore wind at the expense of other forms of renewables all mean that our energy security has been fundamentally compromised—and that without energy security, affordable and clean energy become much harder to achieve as well?

Edward Miliband: I have great respect for the hon. Gentleman, but it takes a real brass neck to say to us that we should have gone faster with new nuclear, when the Leader of the Opposition was opposing us on new nuclear and saying that it was a last resort; he was dragged, kicking and screaming, to support us on new nuclear. New nuclear will make an important contribution to our energy mix in 2017 and 2018. Carbon capture and storage can play an important role as well, as can renewables. We have plans in place to move towards low-carbon energy supply, and I am confident that we will meet them.

Wind Farms

4. **Mr. Peter Bone** (Wellingborough) (Con): What recent assessment he has made of the cost-effectiveness of (a) onshore and (b) offshore wind farms in electricity generation. [270301]

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): Our onshore and offshore wind farms are cost-effective, large-scale renewable energy generators and they are supported through the renewables obligation. The Chancellor announced yesterday that we are looking to increase the renewables obligation certificate support for offshore wind.

Mr. Bone: I am grateful to the Minister, particularly for the last part of his response. There is a great deal of concern in my constituency about an onshore wind farm. Although offshore wind farms are to be welcomed, would the Government consider the possibility of a presumption that onshore wind farms should not be developed unless the local community wants them?

Mr. O'Brien: I cannot comment on Nun Wood farm in the hon. Gentleman's constituency; obviously, that is part of the planning process. If we are serious about dealing with the creation of a low-carbon economy, we must have both onshore and offshore wind generation; we cannot do it with offshore alone. Therefore, onshore wind is a key component of making the changes that we need to make in the generation of energy to create a low-carbon economy. Obviously, each planning application will have to be considered on its merits in the appropriate way. We want to ensure the focus to get the investment so that wind provides the renewables generation that this country needs.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): If we are to take full advantage of both offshore and onshore wind, we need to ensure that the energy can reach the consumer. What steps are the Government taking to improve access to the grid for offshore and onshore wind and, in particular, what is the Government's view of the proposals for a European super-grid?

Mr. O'Brien: The transmission access review has been looking at how we get access to the grid, because that is key to ensuring that we build up the capacity of

wind generation, not only onshore but offshore. In the coming weeks, we hope to get agreement on about 1 GW of access, so we are in the process of working through with National Grid and Ofgem the need to ensure that the demands of the energy revolution—the low-carbon energy generation that we need to create—are met in access and transmission.

Sir Nicholas Winterton (Macclesfield) (Con): I fully support the views expressed by my hon. Friend the Member for Wellingborough (Mr. Bone): there is huge opposition to onshore wind farms. What is the subsidy for every wind turbine erected in this country? Is it not true that there is a shortage of such turbines and that we have to import them, which is certainly not helpful to the country's manufacturing base?

Mr. O'Brien: The hon. Gentleman is right: we do have to import most of our wind turbines. Although until recently wind turbines were made in the United Kingdom, they were exported to the United States. We are talking to a number of manufacturers with the intention of returning those jobs to the United Kingdom in due course, because that is important to us in the long term.

I should point out to the hon. Gentleman that while the Leader of the Opposition says that he is in favour of creating a low-carbon economy, Conservative Members of Parliament are going around the country constantly running down the whole issue of the need to ensure that we have a level of onshore wind generation. We cannot build that low-carbon economy without onshore wind.

Appropriate levels of support are provided, although the precise level of subsidy varies according to the value of the renewables obligation certificates.

Mr. Philip Hollobone (Kettering) (Con): Surely it makes sense to put wind farms onshore in the windiest places, but according to the London Metropolitan business school, in 2007 the mean load factor of the 81 wind farms in England was just 23 per cent. In other words, they were working for less than a quarter of the time. How can that be an efficient use of resources?

Mr. O'Brien: The normal working level is about a third of the time. Intermittency has always been an issue in the build-up of the renewables economy, and, as the hon. Gentleman says, it must be addressed. We can reduce the intermittency problem by ensuring that, once it is switched on, nuclear generation has a reliable base load, and also by building renewables, including wind. We need to deal with both intermittency and the variability of demand and supply. In the case of gas and coal, that can be done through carbon capture and storage.

Broadly speaking, we need to create the right level of generation, but it is also important for us to deal with intermittency. The decision to locate wind farms in areas where they will generate must be made by the companies that fund them.

Aviation

5. **Norman Baker** (Lewes) (LD): What recent discussions he has had with the Secretary of State for Transport on managing the effects on climate change of the Government's proposals for the aviation market. [270302]

The Secretary of State for Energy and Climate Change (Edward Miliband): Tackling the impact of climate change on aviation is a key priority. That is why we led the way in ensuring that the EU emissions trading scheme would cover aviation emissions for the first time from 2012. It is also why we are the first Government in the world to make a commitment to returning aviation emissions to their current levels by 2050. We are also striving to ensure that international aviation is part of global climate change agreements.

Norman Baker: The Secretary of State has made the courageous and correct decision to set a target of 80 per cent. for carbon reduction emissions by 2050. Unfortunately, however, if aviation is to return its emissions to their current levels by that date, all other sectors will be required to make an 89 per cent. cut to cater for it. Given that fact, given the entirely unnecessary expansion of Heathrow, and given that transport is the only sector in which carbon emissions have increased since 1990, is it not time that the Secretary of State had a word with the Secretary of State for Transport and told him to stop derailing his climate change strategy?

Edward Miliband: Surprisingly enough, I do not see it that way. [Hon. Members: "Yes, you do!"] Let us not turn this into a pantomime, but no, I don't.

There is a respectable position with which I disagree: the hon. Gentleman's position, which is that we should make across-the-board cuts of 80 per cent. in every sector. In the case of aviation, that would mean returning to 1974 flying levels. I do not think Members could truthfully say that we have those levels now.

As was pointed out by the Committee on Climate Change itself, when it comes to decarbonisation it is inevitable that bigger cuts will be possible in some sectors than in others. I believe that we have been incredibly forward-thinking in making the ambitious commitment, on which the committee will advise us by the end of the year, to return aviation emissions to their current levels—to enable aviation to consume its own smoke, as it were.

Of course there must be a price for carbon emissions from aviation. That is what the EU emissions trading strategy does. I am afraid that the hon. Gentleman and I will have to agree to disagree on this matter.

Mr. David Evennett (Bexleyheath and Crayford) (Con): I noted the Secretary of State's comments on this matter, but as travelling by air causes 10 times more pollution than travelling by train, why are the Government still intent on increasing aviation capacity, such as through the extension of Heathrow? Surely we should be looking at a shift from plane to train for short-haul journeys?

Edward Miliband: I agree with the hon. Gentleman on the issue of domestic flights; we should do all we can on that, which is why we have announced plans for high-speed rail. Let me make this point to him, however, which the Heathrow debate raises: even after the recession, and even after putting a price on carbon, passenger demand in the UK is expected to double in the next 20 years, and as we know, the world is getting closer together, not further apart. I cannot honestly say to the hon. Gentleman that the right way forward is to have no expansion of aviation. Indeed, in the debate on this

issue the Conservative Front-Bench team said, revealingly, that they were in favour of aviation expansion in the south-east, but—this is the problem, and we suspect a bit of opportunism here—not at Heathrow, not at Gatwick and not at Stansted. I therefore do not quite know where the Conservatives want the expansion. We have a very genuine and thought-through position, unlike the Conservative party.

Nuclear Development Forum

6. **Mr. Mark Hendrick** (Preston) (Lab/Co-op): What recent representations he has received on the work of the nuclear development forum; and if he will make a statement. [278303]

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): We have received representations from the NDF on a range of issues, but not specifically on the NDF itself.

Mr. Hendrick: My hon. and learned Friend will be aware of the plethora of measures introduced in yesterday's Budget to deal with the growing problem of climate change. Nuclear development is very important, because nuclear power can play a big role in the battle against climate change. It is safe and efficient, and it is now a crucial tool in that battle. There is a whole industry out there that this country needs to develop, particularly in the area of nuclear fuels—and I am proud to be able to say that Westinghouse, which can develop such fuels, is located close to my constituency at Springfields. When will the Government get their act together and develop the technologies that we need to combat climate change?

Mr. O'Brien: I hope that the Government have set out very clearly how we are going to create a low-carbon economy. We need to develop the base load of nuclear, so that we have new nuclear power stations to replace some of those that will come off-stream in the coming decade and a half. We also need to ensure that we have the renewables, particularly wind generated both onshore and offshore. Beyond that, we need to ensure that, with carbon capture and storage, we have the flexibility to deal with problems of variability of demand and intermittency, and that will come from coal and gas-fired power stations. So there is a clear vision of the way forward for energy generation in this country that will move us towards a low-carbon economy, and with the commitment to reduce our emissions by 80 per cent. by 2050, we are on a clear trajectory to ensure that we meet our climate change needs.

Fuel-poor Households

7. **John Howell** (Henley) (Con): What estimate he has made of the change in the number of fuel-poor households between 2006 and 2009. [278304]

The Secretary of State for Energy and Climate Change (Edward Miliband): Between 2005 and 2006, the latest year for which figures are available, the number in fuel poverty increased to 3.5 million—down from 6.5 million in 1997. We are determined to do all we can, through measures to improve housing and increase the incomes of the most vulnerable and through proper regulation in the energy market, to tackle fuel poverty.

John Howell: Given that the term "fuel poverty" does not seem to have been used once in yesterday's Budget statement, can the Secretary of State confirm that Warm Front will be sufficient to address Age Concern's assessment of the Budget that its failure to tackle fuel poverty will continue to leave more pensioners out in the cold?

Edward Miliband: I disagree with the hon. Gentleman—and, of course, the Conservative party cannot support any of the measures that we took on public spending, because as we know it is completely opposed to increasing public spending at this time. The measures that we took on housing, including specifically £100 million for energy efficiency in the social housing sector, will help precisely some of the most vulnerable people in our country. My hon. Friend the Under-Secretary of State for Energy and Climate Change will announce in a written statement this morning an increase in the maximum Warm Front standard grant from £2,700 to £3,500. I think that will be widely welcomed, alongside other improvements in Warm Front, because it is helping some of the most vulnerable people in our society. I am very proud of the record of what we are doing to help some of the most vulnerable people in our country who are facing fuel poverty.

Derek Twigg (Halton) (Lab): I welcome the measures that my right hon. Friend is taking to help people with energy efficiency in the home, but many people in recent weeks have received some of the largest fuel bills of their lives. What discussions has he been having with the energy companies to try to ensure that they treat people fairly and well and take account of the difficult economic situation that people currently face?

Edward Miliband: My hon. Friend is right about this, and we are discussing with the energy companies how to ensure that people, particularly those in difficulty, are treated properly. I am also pleased that Ofgem is changing the law on pre-payment meters and the unfair pricing that was taking place. I have said from the time when I came into this job that we wanted the quickest change possible in terms of outlawing that unfair pricing, and that is what is happening. We want people to be assured that the kind of abuses occurring in relation to pre-payment meters will not continue.

Mr. Hugo Swire (East Devon) (Con): The reason why there was no mention of fuel poverty in yesterday's Budget is that the Centre for Sustainable Energy estimates that fuel poverty has

"at the very least doubled since 2003."

So I suspect that the Labour party will not be mentioning it in its manifesto either.

My constituency is in Devon, where 21 wards, including Exmouth Littleham Urban, fall within the worst 21 per cent. of wards in England. However, the real problem lies outside the main town centres and urban areas; it is to be found in the rural areas, where Warm Front is less effective because of the lack of accessibility to gas boilers and the problems with cavity wall insulation. Those things are so typical of the kind of houses that exist in rural areas in my constituency. What can the Secretary of State do to ensure that the disguised fuel poverty in rural areas resulting from Warm Front's failing in that respect can be addressed urgently?

Edward Miliband: The hon. Gentleman makes a good point in the second half of his question, if not in the first. On his first point, as I said, fuel poverty has increased because energy prices have increased, but since 2002, some 5 million houses have been insulated under our programmes. Our record on fuel poverty and what we have managed to do through housing and income are not matched by the previous Government or, indeed, by other previous Governments. He knows very well that fuel poverty would be far higher if we had not taken those measures, which have cost lots of money and which the Conservative party opposes.

On the second part of the hon. Gentleman's question, with which I am more sympathetic, he is right to say that people off the gas grid face particular challenges. I think that he will see from this morning's announcements that the non-standard grant level has also been increased. I hope that that will help people who are facing the circumstances that he describes. I also hope that if he has further concerns following the announcement, he will take them up with the Minister in charge of Warm Front.

Greg Clark (Tunbridge Wells) (Con): The Secretary of State knows that the coverage of the Warm Front scheme is limited, but does he accept that for most homes investing in energy efficiency saves money on fuel bills?

Edward Miliband: I do, which is why we unveiled plans in February for "pay as you save" insulation, whereby people will be able to spread the costs of energy efficiency measures over a number of years; it will not be linked to the person in the house but to the house itself, so that the costs can be spread over 20 years or so. Therefore, part of the savings from the energy bills will be able to be used to fund to kind of insulation that we need. We have very ambitious plans for 7 million houses to have whole-house refurbishment by 2020 and all houses to have it by 2030. Unlike the Conservative party's plans, those are costed plans; they have been worked through and they will work.

Greg Clark: Yesterday, Greenpeace described the Secretary of State's plans as strikingly lacking in ambition. If he accepts that savings can be made through investment in insulation, why, when households will face higher tax bills for years to come, is he resistant to our policy, which would give every home in the country an entitlement to £6,500-worth of immediate energy efficiency improvements, paid for from the savings that people make on their fuel bills? Why is he resisting that?

Edward Miliband: I will explain this to the hon. Gentleman. My hon. Friend the Under-Secretary of State for Energy and Climate Change wrote him a letter—he may have replied, but I am not aware of his reply. His proposal is that £6,500 will be available to every household in the country. That would cost £170 billion up front. As far as I can see, he has no idea where that £170 billion will come from and how he will raise it. I hope that he comes forward with that. I look forward to his having interesting discussions with the shadow Chancellor about how £170 billion of funding will be provided. I think it is the largest uncosted commitment made by the Conservative party, but of course it is not the only uncosted commitment that the Conservatives have made, and it shows that they simply cannot be trusted with the nation's finances.

Topical Questions

T1. [270316] **Laura Moffatt** (Crawley) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Edward Miliband): Yesterday's Budget saw a series of measures to help tackle climate change and create the low-carbon jobs of the future, including action on carbon capture and storage, renewables and energy efficiency. It was also the first Budget to unveil legally binding carbon budgets, whereby the UK has pledged a 34 per cent. reduction in emissions by 2020. It underlines our commitment to domestic action by setting a zero credit limit in the first budget period up to 2012.

Laura Moffatt: I am delighted and very grateful to hear that carbon capture and storage will be part of our future fuel security into the next decade. Will companies such as Doosan Babcock, which have pioneered this work and have put their necks out to ensure that this technology is available, be fully consulted as we move forward with these excellent technologies?

Edward Miliband: My hon. Friend makes an important point. I have had a couple of meetings with Doosan Babcock, which is pioneering some of the most important technology in this area. As I shall say in my statement later and as the Chancellor made clear in the Budget yesterday, the task facing us is to trial as many of the technologies as possible. CCS is at an early stage. We all think that it will be a big hope for the future in terms of clean coal, but we know that we need all the technologies to be developed, including post-combustion, pre-combustion and a range of technologies. That is what my right hon. Friend the Chancellor's announcements yesterday are designed to achieve.

T2. [270317] **Mr. Philip Dunne** (Ludlow) (Con): At a public inquiry last week on a potential biomass plant at Bishop's Castle in my constituency, one of the objectors suggested that the Environment Agency is now indicating that the carbon emissions from electricity generated by biomass plants are greater than those generated by fossil fuel plants. Is that the Government's view?

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): I have not heard that particular suggestion before, but I shall certainly consult the Environment Agency to see whether it has said that and, if so, what the basis for making such a claim is.

T8. [270323] **David Taylor** (North-West Leicestershire) (Lab/Co-op): I welcome the announcement of the rise in the Warm Front grant to £3,500. That will certainly help the off-the-mains people, such as my constituent Jon Kirkman, who has had a very poor service from Eaga in recent times.

Has the Secretary of State had an opportunity to assess the green credentials of the scrappage scheme announced in the Budget yesterday, bearing in mind the fact that 20 per cent. of carbon emissions during a car's life are associated with its manufacture? The logical way to approach the issue would be to encourage people to

keep cars longer, not least because the average car in the UK fleet is less than five years old. It is a green coat of paint—

Mr. Speaker: Order.

Mr. O'Brien: I am very grateful to you, Mr. Speaker.

Older cars tend to emit more products into the atmosphere, as a result of which they are greater polluters. The aim is to get some of the much more fuel-efficient cars on the road. The newer cars not only consume far less fuel, by and large, but emit less into the atmosphere. If we can get the newer cars, rather than the older ones, on the road, we will reduce the problems that we have with atmospheric damage.

T3. [270318] **Jo Swinson** (East Dunbartonshire) (LD): Yesterday's Budget was a missed opportunity to invest in green measures and to stimulate the economy. The Government offered us £1.4 billion, but the Committee on Climate Change has estimated that £15 billion a year needs to be spent on green measures and this week Lord Stern said that it should be as much as £20 billion. Why are the Government rejecting the advice of their own experts?

Edward Miliband: We are not rejecting the advice of our experts. One very important point is that we already have a huge amount of investment going into green technology in this country. For example, the renewables obligation will mean that about £100 billion will go into green investment between now and 2020. Yesterday, my right hon. Friend the Chancellor added to that with what he did on the renewables obligation, on carbon capture and storage and in raising finance from elsewhere, such as through the European Investment Bank and other sources. I do not accept the hon. Lady's portrayal of what we did yesterday. It is also worth adding that, as I said earlier, the carbon budgets aspect of yesterday's Budget was a world first.

Mr. Eric Illsley (Barnsley, Central) (Lab): Returning to carbon capture and storage, may I urge my right hon. Friend to address the issue with some speed, regardless of which technology is used? If we decide to embrace the retrofitting of carbon capture and storage to existing coal-fired power stations, we will have to do so before they are decommissioned in 2015.

Edward Miliband: I will be addressing the matter with some speed, in an hour or so. My hon. Friend is right: there is urgency about this, but there is also urgency to make sure that we have a funded mechanism to ensure that carbon capture and storage happens. That was made possible by my right hon. Friend the Chancellor's announcements yesterday, and that is why I will make a statement later today.

T4. [270319] **Andrew Selous** (South-West Bedfordshire) (Con): In October last year, when oil was around $70 a barrel, a litre of unleaded petrol cost the motorist about £1.07, yet in June 2007, when oil was around $71 dollars a barrel, a litre of unleaded cost 97p. Does that not indicate a degree of market failure among some of the major petrol retailers? Why have the Government not instructed the Competition Commission to instigate an inquiry to make sure that the beleaguered motorist is treated fairly, not least because the motorist was clobbered again in the Budget yesterday? Does the Minister not realise that many people have no choice but to use their car?

Mr. Mike O'Brien: It is the case, of course, that the escalator was introduced by a Conservative Government. But let us not go there; let us instead deal with the real issue of the price of fuel for cars. The price of petrol and diesel spiked last year; that was a substantial burden for the motorist, but the price has gone down sharply. It is dependent, obviously, on the overall world economic situation. The demand for oil responds very quickly to global financial circumstances and, as a result, prices have fallen, but it is interesting that they have started to rise again, albeit not to a substantial extent. On the price of oil there is not only a need to ensure that we are able to get out of the recession without it spiking too high; we also need to sustain investment in the oil and gas industry, particularly—from the UK's point of view—in the North sea.

John Mann (Bassetlaw) (Lab): What support are the Government giving to the reopening of Harworth deep-mine colliery in my constituency?

Mr. O'Brien: The Government are working, and are in discussions, to ensure that we can encourage the process of reopening Harworth, but there are still further quite detailed discussions to be had.

T6. [270321] **Ann Winterton** (Congleton) (Con): Can we not have a more balanced discussion on climate change? We are told so often that the north pole is melting, yet Arctic ice has reached a maximum area this winter, and the British Antarctic Survey has confirmed that over the past 30 years, the area of sea ice around the continent has expanded. In fact, the south pole has experienced significant cooling in the past 30 years. Why do we not hear the facts, so that we can make up our mind about what is happening?

Edward Miliband: I am all for unconventional thinking, but I say to the hon. Lady that on these sorts of questions, it is best to trust the science. *[Interruption.]* If she will let me finish my answer, I can point out that the overwhelming scientific consensus is that climate change is real, is happening, and is man-made. I really worry about an approach that says, "We can leave all this to one side, because perhaps it is not happening", as that is not what the scientists are telling us. To take one year, or one fact, and say that somehow it shows that climate change is not happening is precisely what the scientists tell us that we must not do. We must look at the trend over 20 or 30 years, and that shows unequivocally that climate change is happening.

LEADER OF THE HOUSE

The Leader of the House was asked—

Parliamentary Scrutiny

1. **Mr. Peter Bone** (Wellingborough) (Con): How many Report stages of Bills there were in the 2007-08 Session; and in what proportion of these all selected amendments were debated. [270324]

The Deputy Leader of the House of Commons (Chris Bryant): There were 27 Report stages in 2007-08, of which 24 were on Government Bills. In seven of those cases, all the groups of selected amendments were debated. That represents a proportion of about one in four.

Mr. Bone: The Deputy Leader of the House was a well-respected and highly regarded parliamentarian before he was plucked from the Back Benches and put on to the Front Bench. Not many people are listening today, so will he say what his personal view is? It really is not good enough—scrutiny is not great enough and the Government are failing.

Chris Bryant: I am grateful to the hon. Gentleman for the kind comments he made. On Shakespeare's birthday, perhaps I could say that some have greatness thrust upon them.

All I can say to the hon. Gentleman is that there is no difference between my Back-Bench view and my Front-Bench view. I believe that many Members confuse the difference between Committee stage and Report stage. Many members of the Procedure Committee have told me that they would much prefer a system involving time limits on speeches on Report, although I am not sure that that is the right way to go. We would like to consider all amendments, but as he perfectly well knows, many amendments tabled on Report are a response to Committee requests from Opposition Members, so I think that that shows the system is working.

Mr. David Heath (Somerton and Frome) (LD): But it transparently is not working. Only a couple of months ago, Mr. Speaker, you intervened to allow a vote on a matter that a lot of Members felt was important, without any discussion at all. Does that not in itself illustrate the fact that we are failing to debate matters that Members of the House think are important, and instead conforming to a timetable devised by the Government Whips that reflects the Government's interests and not those of Back Benchers? Is it not the duty of the Deputy Leader of the House and the Leader of the House to ensure that matters that Members want to debate on Report are debated properly?

Chris Bryant: My right hon. and learned Friend the Leader of the House and I try our level best to make sure that there is adequate time for all the subjects that all Members want to debate. Just because one Member wants to debate one issue does not necessarily mean that he wants to prevent other people from debating other issues. In particular, the hon. Gentleman knows very well that on the day to which he refers, Members from the Government Whips' office and I, and Members from his own team, were in lengthy discussions about how we could make sure that we had proper debate of every single item. Furthermore, on that Bill, there were two days for Report. My right hon. and learned Friend and I are keen to try to make sure that happens on every occasion, but we will not be able to achieve perfection.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): In her very first business questions on 5 July 2007, at *Hansard* column 1091, the Leader of the House said that she was very keen to ensure that Back Benchers' rights were protected and that there was proper scrutiny of legislation. However, as we have just heard, that simply is not happening, so even now, will the Deputy Leader of the House give an assurance that his right hon. and learned Friend's original pledge will be honoured? Perhaps the right hon. and learned Lady could start by ensuring that instead of curtailing legislation she curtails our ever-lengthening summer recess.

Chris Bryant: I remember my right hon. and learned Friend's comments on her first day as Leader of the House, and I know from every single week that she has been in that post that she has been trying to make sure that we have adequate debate on every single amendment. It is not always perfection. We strive, and we have constant discussions. If Members are ever unhappy with the process all they need to do is to come round and talk to my right hon. and learned Friend or me to see whether there are ways of making more space and time available. As the hon. Gentleman knows, quite often the discussions between the usual channels are not necessarily reflected in the comments that are then made from the Opposition Front Bench.

HOUSE OF COMMONS COMMISSION

The hon. Member for North Devon, representing the House of Commons Commission, was asked—

Employment Contracts

2. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent discussions the House of Commons Commission has had with the trade union representing hon. Members' staff on the development of a basic employment contract for such staff. [270325]

Nick Harvey (North Devon): The House of Commons Commission has had no recent discussions with trade unions or staff associations on the basic employment contract for Members' staff. The Commission and the House are not the employer of Members' staff; each Member is an employer in his or her own right. However, it is a condition of drawing public funds to employ staff that Members use standard contracts, job descriptions and pay scales.

David Taylor: Pending the announced review of employment arrangements for Members' staff, the Green Book says that a standard contract must be used, and in practice MPs use that contract as is. The present contract represents the lowest common denominator in employment standards and is poor compared, for example, with those held by civil servants doing an equivalent job. When will the House recognise the staff union Unite so that staff themselves can have a say in improving the standard contract and other terms and conditions?

Nick Harvey: If hon. Members, their staff or, indeed, trade unions or associations to which the staff belong wish to make representations about the basic contract, they are certainly welcome to make them to the Committee on Members' Allowances, which has responsibility for the contract. The issue of recognition of the union goes back to my point that the House is not the employer of Members' staff, and because the House is not the employer, it is not in a position to recognise the union for collective bargaining purposes. However, as the hon. Gentleman

knows, staffing arrangements will be voted on next week, and perhaps there will be a different situation thereafter.

Hugh Bayley (City of York) (Lab): Given the discussions that we will have next week, will the Commission consider the feasibility of extending to Members' staff the entitlement to join the House pension scheme? One member of my staff has worked for me for 16 years and is on one of the higher grades for Members' staff. As a result of paying into the money purchase pension scheme that is available to Members' staff, that employee would—the last time I checked—receive a pension of just £2,200 a year. I do not think that that is either satisfactory or a decent way to treat our staff, who are just as important to us Members discharging our duties as the staff of the House are. Will the hon. Gentleman ask the Commission to look at that very important issue?

Nick Harvey: As I have already indicated, this is a matter about which the hon. Gentleman, staff or anybody else is welcome to make representations to the Committee on Members' Allowances. In the event that the arrangements should change after next week's debate, the issue could be looked at, but as far as I am aware, as long as staff are employed by Members, there is no prospect of their joining the House pension scheme, because it is not available to non-employees of the House.

Sir Patrick Cormack (South Staffordshire) (Con): Is the hon. Gentleman aware that many people feel it is crucial that Members should continue to employ staff directly? It is wholly right and proper that they should be paid via the Department of Resources, as they are, and that they should have proper contracts that are lodged with that Department, but will he do all he can with his fellow Commissioners to ensure that we do not move to this central employment by the House?

Nick Harvey: This is a matter that I understand the House will have a chance to vote on next week, and the hon. Gentleman and others will have their chance to make their view known then.

LEADER OF THE HOUSE

The Leader of the House was asked—

Representation of Women

3. **Jo Swinson** (East Dunbartonshire) (LD): If she will make arrangements for the House to mark anniversaries of significant historical events which led to increases in the representation of women in Parliament. [270326]

The Deputy Leader of the House of Commons (Chris Bryant): We are proud of every step that has been taken to increase the representation of women in Parliament, which is why we celebrated last year the 90th anniversary of a woman's right to stand. We shall shortly introduce the equality Bill, and the Speaker's Conference is already considering the issue of representation of women in the House. We very much hope that these events will become similarly important landmarks that Members will want to celebrate in 50 years' time.

Jo Swinson: I thank the Deputy Leader of the House for that reply. One hundred years ago on Monday, suffragettes chained themselves to statues in St. Stephen's hall, and to remove those women, the statues had to be broken. In fact, one can still see a piece of that history today, as the repairs form part of the parliamentary tour. How might we improve and better use such anniversaries to highlight the history of women's representation and, most importantly, to encourage more women to become involved in politics?

Chris Bryant: The hon. Lady ends with the most important point, which is how we ensure that more women want to come to Parliament and have the opportunity to represent a constituency in the House. We could celebrate many more events. For instance, next week is the 80th anniversary of the first woman Cabinet member taking her post; Margaret Bondfield was, appropriately enough, the Minister for Labour; of course, she was a Labour Minister. We are also delighted that it is our side of the House that has produced the first elected black woman MP. *[Interruption.]* If the hon. Ladies want a commemoration of the first woman Prime Minister, I suspect that it will not be happening in the Rhondda.

Mr. Hugo Swire (East Devon) (Con): There is a statue of her in the Lobby.

Chris Bryant: As the hon. Gentleman, who chairs the Advisory Committee on Works of Art, points out, there is a very fine—if rather frightening—statue in the Lobby. I can assure him that if it were in the Rhondda, it would not get the same reception as it gets from Opposition Members.

Commons Business Committee

5. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent representations she has received on establishing a Commons business Committee; and if she will make a statement. [270329]

The Deputy Leader of the House of Commons (Chris Bryant): We have intermittent representations on this issue, including, very regularly, from the hon. Gentleman. The last time the House considered a legislative business Committee, however, it rejected the idea.

Sir Nicholas Winterton: Is the Deputy Leader of the House aware that there is a group in the House called Parliament First, which is fully representative of all parties? Its members are very senior and experienced, and they believe that the only way in which the House can meet the aspirations of the Prime Minister, who believes that the House should be the centre of our democratic procedures, is to have a business Committee representative of Back Benchers so that the House can attain some independence from the Executive, who currently dominate the House to the disadvantage of democracy.

Chris Bryant: I do know of the group to which the hon. Gentleman refers. Indeed, the Members on it are so senior that I try not to meddle with them too often. However, all that glisters is not gold. If we introduced a business Committee, I think that the hon. Gentleman would find that we would lose a lot of the flexibility that we have at present, which is enjoyed by Members on all sides of the House—

Sir Nicholas Winterton: Both sides.

Chris Bryant: On both sides of the House. In addition, under our current arrangements, Standing Orders limit the Government in significant ways—for instance, they ensure that there are 20 Opposition days a year. Furthermore, after both the Budget and the Queen's Speech there are five days of debate in which the topic is decided by the Opposition, not the Government. That is more flexible and a better system.

Delegated Legislation

6. **Norman Baker** (Lewes) (LD): What recent consideration she has given to the effectiveness of the House's procedures for scrutinising delegated legislation. [270330]

The Deputy Leader of the House of Commons (Chris Bryant): As I am sure the hon. Gentleman knows, delegated legislation is subject to a number of different procedures, usually depending on the provisions in its parent Act. My right hon. and learned Friend the Leader of the House and I continue to monitor the effectiveness of all the House's procedures.

Norman Baker: The Deputy Leader of the House will know that a great deal of legislation goes through, necessarily, by statutory instrument, but he will also be aware that it is impossible to amend such statutory instruments; we are given a "take it or leave it" option when such an instrument is put before a Committee upstairs in the Committee corridor. Does he not agree that legislation might be better if amendments to statutory instruments were permitted during such consideration?

Chris Bryant: Again, this is a proposal that seems attractive but which in the end I do not think is a good idea. As Lord Rippon said in the Hansard Society commission back in 1992, an amendable statutory instrument would be very like a Bill, and all the advantages of the greater flexibility of delegated legislation would be lost. The truth of the matter is that if the Government want to provide for a full legislative process, with amendments possible, it should be primary, not secondary, legislation that is being brought forward.

Business of the House

11.33 am

Alan Duncan (Rutland and Melton) (Con): May I invite the Leader of the House to give us the forthcoming parliamentary business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 27 APRIL—Continuation of the Budget debate.

TUESDAY 28 APRIL—Conclusion of the Budget debate.

WEDNESDAY 29 APRIL—Opposition Day [10th Allotted Day]. There will be a debate entitled "The Erosion of Civil Liberties and Freedoms" followed by a debate on the situation in Sri Lanka. Both debates will arise on a Liberal Democrat motion.

THURSDAY 30 APRIL—House business.

The provisional business for the week commencing 4 May will include:

MONDAY 4 MAY—The House will not be sitting.

TUESDAY 5 MAY—Remaining stages of the Apprenticeships, Skills, Children and Learning Bill.

WEDNESDAY 6 MAY—Second Reading of the Finance Bill.

THURSDAY 7 MAY—Topical debate: subject to be announced followed by a general debate on the Intelligence and Security Committee Annual Report 2007-08.

FRIDAY 8 MAY—Private Members' Bills.

Alan Duncan: I thank the right hon. and learned Lady for giving us the business.

Most of us in the House will be pleased that the case of the arrest of my hon. Friend the Member for Ashford (Damian Green) has now been satisfactorily resolved. Even though the issue became rather heated, surely we should now stand back and study the implications of what happened. May I therefore ask the Leader of the House to reflect on early-day motion 1307?

[That this House notes the statement of the Director of Public Prosecutions on 16 April 2009 announcing his decision that no charges would be brought against the hon. Member for Ashford in relation to the documents leaked and stating that, 'Mr Green's purpose in using the documents was apparently to hold the Government to account'; and calls for the House to be given the opportunity to debate a motion to refer the matter to the Committee on Standards and Privileges.]

Will the Leader of the House support the motion that was originally tabled on the Order Paper before the Easter recess to ensure that the House can refer this matter to the Committee on Standards and Privileges as soon as possible? Now is the best time to learn the lessons of this affair so that all the confusion can be cleared up for the future. It is no good her saying that the Attorney-General's opinion was that there was no confusion, because there was. There is a perfectly good process available to us, and we should invoke it; will she confirm that she will co-operate in doing so?

We have still not had a satisfactory report on what the Leader of the House intends to do about the policing of Parliament square. On Monday, the road was shut all day. When will she tell the House how she intends to stop Parliament square becoming a site of permanent protest?

May we, perhaps rather esoterically, have a debate on road signs? We have heard this week that the Government intend to ram through their proposals on reducing national speed limits. Can we have the right hon. and learned Lady's absolute guarantee that this will not lead to a new forest of pointless metal poles and bossy signs that completely wreck the landscape of our streets? Will she ensure that Government policy is designed to reduce street clutter as much as to reduce accidents?

More importantly, may we have a statement and a full explanation from the Secretary of State for Children, Schools and Families? Yesterday, in highly significant evidence to the departmental Select Committee, Dr. Ken Boston, the former head of the Qualifications and Curriculum Authority, accused the Schools Secretary of smearing his name by, as he put it, "sexing up" evidence and dodging the blame by presenting "untrue and false evidence" to last year's inquiry into the SATS fiasco.

Mr. Elliot Morley (Scunthorpe) (Lab): I hope you have told him.

Alan Duncan: This is the same Minister who is implicated in much of the propaganda and, indeed, economic collapse associated with his Prime Minister—so much so that the poor man has even become—

Mr. Speaker: Order. I say very gently to the hon. Gentleman that he cannot criticise a Minister in this way. Criticism of any hon. Member of this House has to be with a substantive motion of the House. He has made the point, so perhaps he can move on to another matter.

Alan Duncan: I will move on, Mr. Speaker, but I was responding to a sedentary intervention. I assure you that I had notified the Secretary of State of what I intended to do, but I hear what you say—it is understood. I would certainly say, however, that he should explain himself at some stage about what has happened and is being seen on television and read about in our press.

May we have a debate on the guarding of Budget secrets? By yesterday morning, we were already aware of several of the Chancellor's headline schemes, including the car scrappage and HomeBuy initiatives. Is there to be an inquiry into these indiscretions? Obviously, it is unthinkable that Ministers would ever have passed those details to journalists themselves, but will the Leader of the House deplore such leaks and urge an investigation?

On Tuesday, the Prime Minister published his proposals for reforming our system of expenses. If I may be a little personal, may I ask whether the right hon. and learned Lady feels sufficiently appreciated by the Prime Minister? Does she feel that she can still be the guardian of Parliament's voice in the Cabinet? Is it not clear that she was completely bypassed by No. 10 and then bounced into making a written ministerial statement, as the presentable face of Government, after the Prime Minister's deeply weird statement on YouTube? Is it really true that No. 10 has said that Labour Members who do not vote for the Prime Minister's proposals will be deselected? How can she possibly defend his barmy plan for an

[Alan Duncan]

automatic daily allowance, for which no receipts will need to be presented, as an improvement on what we have already?

May I take this opportunity to wish the right hon. and learned Lady a happy St. George's day? I hope that I am not too much of a dragon against this maiden in distress. In the spirit of St. George, will she now renew her pledge to fight for the rights of this House, the freedoms of the country, and the power of MPs to scrutinise and hold to account an unsuitable and arrogant Executive?

Ms Harman: The hon. Gentleman asked about the arrest of the hon. Member for Ashford (Damian Green) and the issues of parliamentary privilege that arose from it. The House has already made a resolution to refer the matter to a Committee of the Speaker, and I do not think that it would be a good idea to set up a twin-track approach. All the issues about entry to the premises of Parliament, the searching of parliamentary offices and constituency correspondence and what is, or should be, available to the court can be considered by the Speaker's Committee, which the House agreed should start its work after the criminal proceedings had come to a conclusion. I do not agree with the hon. Gentleman that we should set up a twin-track approach and a separate inquiry into the same issues via the Standards and Privileges Committee.

Alan Duncan: Different issues.

Ms Harman: The hon. Gentleman says that, but he would need to explain why the Speaker's Committee could not consider the issues that he is concerned about and believes need to be looked into. I am obviously keen for the House to be able to have all the issues that it wants resolved looked into, and I have no vested interest in the House not looking into them and coming to a satisfactory conclusion. I just do not want there to be a twin-track proposal or for us to undermine a resolution that the House has already made at your request, Mr. Speaker, that there should be a Speaker's Committee to look into the matter.

The second point that the hon. Gentleman raised was about the policing of Parliament square. It is obviously very important that people have the right to demonstrate and are able to make their views known publicly and peacefully, but we have to ensure that the business of this House and the very important site of Parliament square are properly protected, and we do not want the undue tying up of police resources. The matter is under consideration by many authorities and is the operational responsibility of the police. I know that there is ongoing concern and discussions about it, but I do not have anything specific to tell him or the House today.

The hon. Gentleman talked about road signs and a forest of bossy signs. Speed limits are a very important issue, because they are about cutting deaths on the road through traffic accidents, and particularly about cutting pedestrian deaths. This is not being done for the sake of it, and, by the way, it is a consultation; it is not being pushed through. The evidence is that lower speed limits save lives, and particularly the lives of children who would otherwise be killed in road accidents if they were hit as pedestrians. I ask him to reflect on that, and anybody will have the opportunity to involve themselves in the consultations. If it comes to an ugly road sign or a child being killed, I would go for the ugly road sign.

We all want to be certain that the national curriculum tests, which are important, are properly marked and the information made available to schools promptly. That did not happen, and there was great concern about that. The Sutherland inquiry was established jointly with Ofqual, and it looked into the situation and made proposals for change. Ken Boston resigned, and he has now given evidence to the Select Committee on Children, Schools and Families. Incidentally, the Minister for Schools and Learners, who gave inaccurate information, corrected it as long ago as February, and Lord Sutherland said that it was not material to his findings anyway, so I urge the hon. Gentleman not to make so much of that. We await the report of the Select Committee, and there will be Children, Schools and Families questions next Monday, so hon. Members who want to ask questions about the matter can do so to the Secretary of State and his ministerial team.

As far as prior publicity about car scrappage is concerned, that first came into the public domain as a demand from the automotive industry. Hon. Members on both sides of the House whose constituents have interests in the automotive industry proposed that scheme to Business Ministers and the Treasury. There was debate and consultation, and the matter could not be kept as a national security issue in those circumstances. There was some discussion in advance—indeed, some of it was in the papers. Rather than focusing on that bit of the process, however, the hon. Gentleman should welcome the car scrappage scheme.

The hon. Gentleman talked about parliamentary allowances. Many Members have constituencies that are far away from Westminster, which inevitably involves extra cost. We do not want only those who can afford to pay the cost of living away from home to represent far-flung constituencies. I hope that there is general agreement on that point. It is important for us to say that, because sometimes the public do not recognise that that would be the result of not assisting with the extra costs incurred in representing far-flung constituencies. First, none of us wants that to happen. Secondly, we all want the public to have confidence in the way in which the House goes about its work and the way in which public money is spent. Thirdly, it is evident that the public do not have that confidence, and, fourthly, we need to do something about that. Fifthly, I hope that we still agree that it is important to involve an independent element.

I hope that the Prime Minister's asking the Committee on Standards in Public Life to look at the matter will assist the House. I thank Sir Christopher Kelly for agreeing to take on that work, which he has started today. He needs to engage in consideration, deliberation and consultation, and he needs to take some time before he reaches his conclusion, even though he is going to do it expeditiously. In the meantime, because of the high level of public concern, it is important to introduce an interim change. A number of hon. Members think that we should leave the matter until after Sir Christopher Kelly has made his decision, but I do not think that that is right, because we need to introduce interim measures pending the outcome of Sir Christopher Kelly's report.

My sixth point concerns the proposed arrangements in my written ministerial statement—if I am going on too long, please put me out of my misery, Mr. Speaker. We all agree that there is no perfect remedy and that all the solutions have different upsides and downsides. The flat-rate daily payment acknowledges the additional costs in far-flung constituencies and is tied to business being conducted in Westminster—if one were in one's constituency all the time, there would be no additional expenses. That proposal includes a reasonable rate. I admit that we will not reach a perfect solution, but it would be good if we were to try to find as much agreement as possible.

The hon. Gentleman did not mention that it is Shakespeare's birthday. *[Interruption.]* He has now. I shall call on the Shakespearean wisdom of the Deputy Leader of the House from his days in the National Youth theatre. He has mentioned a character whom I have never heard of, Autolycus, who might have been describing the hon. Gentleman when he referred to

"a snapper-up of unconsidered trifles."

Derek Twigg (Halton) (Lab): The National Burn Care Review group is looking at the future of burns units around the country. It has been pushing strongly for the unit in Manchester to be designated as the main one, but that would lead to the units at Merseyside's Whiston and Alder Hey hospitals being downgraded. We were promised that we would be kept informed of progress, but we heard nothing for 18 months until being told this week that an announcement was to be made that Manchester would be the main centre. Could my right hon. and learned Friend possibly arrange time for an urgent debate on the review of burns units in the north-west?

Ms Harman: I suggest that my hon. Friend raise his considerable concerns about this matter with the Secretary of State for Health, and that he should seek a meeting with him or one of his Ministers.

Mr. David Heath (Somerton and Frome) (LD): First, may I say that I believe that the right hon. and learned Lady is quite wrong about the affair of the hon. Member for Ashford (Damian Green)? There are distinct differences between the events surrounding that affair and the more general question of privileges. That question should be referred to the Standards and Privileges Committee, whose job it is to look at it. I hope that she will reconsider the matter.

Will the Leader of the House confirm exactly what we will be debating on Thursday 30 April? I notice that the day is now to be devoted to "House business", rather than to "motions relating to allowances". Will she confirm that it is the Prime Minister's motion that we are to be discussing that day? She spoke about the process at some length, but does it not illustrate how the Prime Minister sets about consultation? First of all, he scribbles something on the back of a fag packet, then as an afterthought convenes the leaders of the other parties to rubber-stamp his proposal. When they fundamentally disagree with him, he determines that he will carry on with the scheme that he first thought of anyway—a scheme that in effect proposes a daily banker style bonus to Members of Parliament, without transparency or any relation to real costs incurred. He believes that it will engender the support and confidence of the British people, but it will not. I hope that we will have a chance to debate alternatives to his proposal, because it is very important that we get this matter right.

If that is what we are to debate on Thursday 30 April, will the Leader of the House also confirm that there are a great many details to do with costs and definitions to be discussed? Her statement did not go into those details, which also include the position of staff and questions about whether there will be staff transfers. Will she produce detailed supporting papers for the proposition early next week, so that we know exactly what we are talking about, or are we to be asked to buy a particularly ill-smelling pig in a poke?

In 2002, the Public Administration Committee produced a report on special advisers entitled "These Unfortunate Events". Given that there have been more unfortunate events over the Easter recess, will the Leader of the House confirm that it is the Government's intention to introduce the provisions of a civil service Act, either as a stand-alone Bill or as part of the Constitutional Renewal Bill? That intention has been often stated, but when will we have statutory control of the civil service, including special advisers?

Can we have a statement or a debate on broadband? In yesterday's Budget, the Chancellor referred to extra investment in broadband, but there is a great deal of concern around the country that it will not lead to Britain having the broadband speed that it will need to be truly competitive in the future. That concern is especially strong in rural areas, where people worry that they will simply not get the provision at all. Can we have a clear statement therefore on what will be provided, and the implications?

Lastly, after months of waiting and many parliamentary questions, on Tuesday we finally got the implementation of the homeowners mortgage support scheme that had been announced in December. However, does the right hon. and learned Lady accept that not one UK bank that is not under state control is participating in the scheme? I am talking about the Abbey, Nationwide, Barclays, HSBC, the Alliance & Leicester—none of the major lenders that are not directly controlled by the state is taking part. Is not that a huge omission, and will it not leave many homeowners in a very poor position when compared with others who have borrowed from those banks that have had to take money from the state? Can we have a clear statement on the operation of the homeowners mortgage support scheme, so that hon. Members can ask proper questions about the position of their constituents?

Ms Harman: The proposal for a flat-rate daily payment does not come from the back of one of the Prime Minister's envelopes. It is one of the alternatives that has been considered by this House over a period of time, including by the Committee on Members' Allowances in its former incarnation. The flat-rate daily payment system proposal is not new and should take no one by surprise, but it would be transparent about the number of days, and precisely which ones, for which each hon. Member claims.

The hon. Gentleman asked about what the House will be asked to support. The motion for debate will be tabled in my name, and I hope that it will set out the situation with sufficient detail and clarity that the House will vote for it. This is obviously a House matter, and we

[Ms Harman]

will table the motion in enough time for hon. Members to consider the propositions that it contains. They will also be able to table amendments if they wish.

The written ministerial statement did deal with the issue of the status of staff. I can confirm that the Deputy Leader of the House will meet staff members' union representatives, because we are aware of the very important work that staff do in helping us to serve our constituents and perform our duties in the House. They should not feel insecure or uncertain about how the proposals will affect them.

The hon. Gentleman asked about the Constitutional Renewal Bill, and he will be aware that it has been discussed by a Committee of both Houses. It proposes putting the civil service on a statutory footing, and will be introduced into the House when time allows.

The hon. Gentleman asked about investment in broadband, and I can tell him that Lord Carter is in the process of producing his second report on the matter. The post-recovery economy must be green and family-friendly, with a big emphasis on high skills and digital communications, and that is why investment in broadband is central to our proposals. Finally, I remind the hon. Gentleman that he will be able to ask further questions on the matter at Department for Innovation, Universities and Skills questions next Thursday.

Mr. David Winnick (Walsall, North) (Lab): There is undoubtedly public disquiet about the second homes allowances, although hon. Members are absolutely justified in claiming for the accommodation that is essential when they are away from home. However, if the new proposal is put forward, does my right hon. and learned Friend accept that people are bound to think that hon. Members are being paid extra money just for turning up to do our job? If a flat-rate payment is established, no documentary evidence will be required to show how we have spent the money, so what are we supposed to do—pocket all the money that we do not spend legitimately within the rules? The proposal needs much more explanation. I hope that there will be a vote next week to reform the system, but it is open to question whether the proposal as it stands is the sort of reform that will reassure the public that all is well.

Ms Harman: My hon. Friend reiterates a criticism that has been made of the proposal, but the extra money would not be given just for turning up. Instead, it would go towards the costs of having a constituency away from London, but it would not be right for people to claim that money if they did not turn up here. They would not incur those costs if they never came to Westminster and only stayed in their constituencies. The proposal recognises the extra costs incurred by having to be in more than one place.

The system would be transparent because, as I said, evidence would have to be supplied showing that an hon. Member had attended Westminster or performed parliamentary or ministerial duties. Otherwise, claims for the extra expense incurred by having to do both constituency and Westminster work at the same time could not be justified.

Mr. Hugo Swire (East Devon) (Con): Although it was most welcome to hear the Chancellor announcing £50 million in the Budget yesterday to upgrade the homes of our armed forces personnel, I understand that that is an acceleration of money and that there is probably only £500,000 of new money in that announcement. What he did not address, and what the House has not addressed, is our responsibilities to members of our armed forces returning to the communities in which they grew up, particularly when they have been medically discharged or disabled in some way. The Leader of the House may be aware, because it has been in the national press, of the case of a constituent of mine, Lance Corporal Paul Baker, who has been unable to find accommodation in East Devon. He says:

"You join up, serve your country and expect you will be allowed to come back to live where you grew up—then you find you're not allowed."

The problem is that the Government have changed the responsibility in that respect. Although Lance Corporal Baker is based at Bulford camp, from which he is about to be evicted, under the current legislation it is Bulford's responsibility to find him accommodation, not East Devon council's. Will the Leader of the House agree to a debate in Government time so that we can look at allowing local authorities additional resources to provide accommodation for our returning armed forces personnel who have been discharged in that way?

Mr. Speaker: Order. Before we go any further, I understand that these matters are very important, but supplementaries should be brief, not mini-Adjournment debate contributions.

Ms Harman: I suggest that the hon. Gentleman seek a meeting with one of the Ministry of Defence Ministers about his constituent's concerns. The hon. Gentleman will know, because he follows these matters closely, that we have given priority in the NHS to returning members of our armed forces. We are reviewing the provision in primary care for former members of our armed forces. There are major issues relating to housing, which he touched on and which were raised in our recent debate on the armed forces. However, perhaps he should seek a meeting with a relevant Minister to try to help his constituent further.

Mr. Speaker, I forgot to answer the important point about the home owners mortgage support scheme that the hon. Member for Somerton and Frome (Mr. Heath) raised. I think that there is a genuine misunderstanding. Eighty per cent. of lending for mortgages is covered under the scheme, because those who lend into 80 per cent. of the mortgage market have signed up to it. That means that we will back those lenders so that they can allow people who get into difficulty with their mortgage interest payments to defer them, either in whole or in part, for up to two years. That means that those people will not face repossession, which is very important indeed.

I reassure the hon. Gentleman that 80 per cent. of mortgages are covered by the scheme, but it is not the first thing that we have done. We have also brought forward the point at which people can claim payments through social security benefits for their mortgage payments, from 39 to 13 weeks, and we have increased the amount for which people can claim in interest. We have also issued rules for the courts, so that repossession ought to be the last resort and not the first, and agreed a moratorium with all building societies and banks, so that they should

not take any repossession proceedings for at least three months. The home owners mortgage support scheme is not the first thing that we have done; it is one of a number of things that we have done, and it covers 80 per cent. of the mortgage market.

Siobhain McDonagh (Mitcham and Morden) (Lab): If my Tamil constituents who are demonstrating in Parliament square were in the House today, they would be the first to apologise to everybody here for the disruption that they may have caused. However, it is their anxiety, fear and terror for their families and friends in Sri Lanka that have driven them to these actions. They look to the Government to be a world leader in fighting against a Sri Lankan Government who spend 20 per cent. of their GDP on arms to use against their own people. We have to take a lead for our citizens who are protesting outside, so will the Foreign Secretary come to the House at the earliest opportunity to lend his support to the recent words of the American and Indian Governments?

Ms Harman: As the hon. Member for Somerton and Frome said, there will be an opportunity to debate the issue next Wednesday on an Opposition motion. However, my hon. Friend makes some heartfelt points. The primary concern for the Government and for us all is the safety of the civilians caught in the conflict area. The Prime Minister has taken a leading role and was one of the first to call for a ceasefire. Although large numbers of civilians have been able to leave the conflict area, a longer pause is needed. We have to work internationally. My right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne) has also been playing a leading role, along with the Foreign Office, as has my right hon. Friend the Member for Leicester, East (Keith Vaz).

Sir Alan Beith (Berwick-upon-Tweed) (LD): What assurance can the Leader of the House give me, as someone who supports the principle that Members' staff could be employed by the House centrally, that we would be voting on the general desirability of that and not on a motion that precluded proper consultation with all the staff affected or failed to recognise their rights? Members' staff are diverse, they work in many parts of the country, some part time and some full time, and they are not subject to the political restraints that hon. Members' House of Commons staff accept.

Ms Harman: The right hon. Gentleman makes some important points, all of which I want to take up. Hon. Members make many diverse arrangements because of their different constituency work patterns, and they might not fall neatly into the working arrangements of, or the demands on, those who work for House. We need to put on a proper footing public recognition that the money is not part of our income, but financial support for work that we have done on our constituents' behalf. However, we do not want to precipitate a load of unintended consequences—the point the right hon. Gentleman rightly raises. We will perhaps talk to him further about that before we table the resolution.

Mr. Elliot Morley (Scunthorpe) (Lab): My right hon. and learned Friend was quite right when she said that speed can kill. However, I hope that the proposed restrictions on rural roads do not take a blanket approach but are based on risk assessments. I also hope that the Department for Transport will look at some anomalies. For example, on the A15, which is one of the most dangerous roads in the whole of Britain, there is a 40 mph restriction on lorries over a certain weight. The restriction relates to their braking capacity and goes back years, but the design and technology have moved on. Lorry drivers tell me that the restriction leads to big queues, tailbacks and people taking risks, thereby causing accidents; it is also not good for optimal fuel consumption. Those are issues that should be addressed as well.

Ms Harman: I know that Ministers in the Department for Transport will take on board the point that my right hon. Friend makes. I was just responding to the general point that the shadow Leader of the House made, but there are also specific points about individual roads, such as the A15. That is why there is a consultation, so that the issues can be addressed not only in their generality, but area by area.

Sir Patrick Cormack (South Staffordshire) (Con): Bearing in mind that the Leader of House's statement on allowances specifically excluded Northern Ireland Members, five of whom never take part in the proceedings, but each of whom draws £20,000-plus on average, and as Sir Christopher Kelly and his committee will almost certainly have to look at the proposal, does that not underline the need to avoid the extraordinary cost of interim measures that may well not meet with his committee's approval?

Ms Harman: I think that it is the case that, depending on how it is validated, a flat-rate daily payment would be cheaper to administer than processing the myriad receipts that come with the current additional costs allowance system. There have been further discussions about the situation for representatives in this House from Northern Ireland parties, but it will be possible to address that matter in the resolution.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on the positive contribution that trade unions make to our society and, in particular, the magnificent contribution of the late Jack Jones? Jack had many achievements, not only as a trade unionist, but as a campaigner for pensioners. I suggest that he deserves the proper recognition of this House.

Ms Harman: I very much welcome the opportunity that my hon. Friend has given me and all Labour Members to pay our warmest tributes to Jack Jones, who has passed away. I knew him personally for some 30 years. He represented all that was best about trade unionism. He fought for his members in the Transport and General Workers Union up and down the country and, when he retired, he went on to fight for trade union retired members and all pensioners. He was absolutely tough and ferocious in the interests of his members, but he was also a kind, gentle and warm-hearted man. We are proud of him in the trade union movement; we are proud of him as a supporter of the Labour party; and we are proud of him in south London, where he lived.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will the Leader of the House consider issuing a statement to the House on the way in which Members should expect to receive replies from Ministers? I received a letter the other week from the Under-Secretary of State, Department of Health, which is signed off:

"Approved by the Minister's private office and electronically signed in her absence."

[Mr. Patrick McLoughlin]

As far as my constituents are concerned, the Minister never even looked at the correspondence. Can we have a position in which Ministers in the main sign off letters personally rather than electronically?

Ms Harman: If the House is in recess, an interim reply to an hon. Member by a private office might well serve until the Minister can reply. We all accept the situation in which the reply is approved by the Minister and signed in their absence, but a reply signed by the private office in the Minister's absence is a step further that I have not cognised before. I will look into the matter. Either the reply is from the private office or it is from the Minister. It can be from the private office on behalf of the Minister, but it cannot be from the private office instead of the Minister.

Mr. David Chaytor (Bury, North) (Lab): Every Member of the House will have in their constituency a number of war memorials and so will appreciate the sensitivity about any proposal to move the location of one. In my constituency there is some controversy surrounding the decision by the Royal Regiment of Fusiliers to move the historic memorial designed by Sir Edward Lutyens. Several thousand constituents have signed a petition asking for the memorial to stay where it is, but the regiment has a good argument for moving the memorial to a new site outside the new Fusiliers museum in Bury. May we have a debate on war memorials in which the case in my constituency and many other issues can be fully explored?

Ms Harman: If my hon. Friend has already pursued the matter by raising it with the Fusiliers, the local authority and the relevant Ministers, perhaps he might pursue it further by initiating a Westminster Hall or Adjournment debate. I know that hon. Members will understand—for some reason my deputy has written me a note saying:

"Brevity is the soul of wit."

Mr. Andrew Mackay (Bracknell) (Con): It is very funny and I agree it was worth pausing, but let us now return to the serious issue of the Secretary of State for Children, Schools and Families. I put it to the Leader of the House that the accusations made by Mr. Ken Boston to the Select Committee were immensely serious; he is a man who held a considerable job, so he cannot just be ignored. I further suggest to the Leader of the House that just saying that departmental Question Time is on Monday will not be satisfactory. It is vital, in the interests of the Secretary of State and the Minister for Schools and Learners and of good governance, that the Secretary of State comes to the Dispatch Box and makes a statement and answers the serious accusations, and that he does so next week.

Ms Harman: Without transgressing the objective of my deputy's note, which I have now worked out was telling me to shut up, perhaps I can try to engage in answering the right hon. Gentleman's point. There were serious delivery failures by the Qualifications and Curriculum Authority and they caused delays to the release of results for 11 to 14-year-olds. That was unacceptable. Ministers had pressed on several occasions for reassurances that delivery was on track, and the Government acted swiftly to respond once it was clear that there would be unacceptable delays. We announced Lord Sutherland's review. There was an error, which was put right, and we await the Select Committee's report. If agencies are running something and it goes wrong, they must be called to account, an investigation must be conducted and action must be taken. That is the responsibility of Ministers.

Keith Vaz (Leicester, East) (Lab): Further to the reply that my right hon. and learned Friend the Leader of the House gave to my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh), of course we appreciate greatly what the Government, the Prime Minister and the Foreign Secretary have done, and the statements by the Indian Government and Hillary Clinton yesterday. However, it remains the case that thousands of innocent Tamil people are being killed in Sri Lanka. A young man has been on hunger strike in Parliament square for three weeks. The situation is not getting better; it is getting worse.

The UK is a permanent member of the Security Council. Could we please take a resolution to the Security Council as quickly as possible? May we have a statement from the Foreign Secretary on the current situation before the debate on Wednesday? The point of being on the Security Council is that we can have an influence. This is our opportunity to influence what is happening in Sri Lanka.

Ms Harman: The British Government are working to influence the action taken throughout the world to mobilise the concern and press for a peaceful outcome for civilians. As I said, my right hon. Friend the Member for Kilmarnock and Loudoun has been to New York to discuss with Sri Lankan and UN officials how the matter should be taken through the UN, and a Department for International Development Minister is going to Sri Lanka later this week, so action is being taken. We want to reassure the Tamil community here, who play a big part in this country and who are very concerned about what is happening to their friends and relatives back home.

Sir George Young (North-West Hampshire) (Con): Reverting to next Thursday's business, how committed is the right hon. and learned Lady to a 1 July start date for all the propositions, which seems to me extremely challenging? If there is some flexibility, does that not strengthen the argument for allowing Sir Christopher Kelly to complete the job that the Prime Minister asked him to do? How on earth can the House sensibly vote next Thursday for a new proposition when we do not know what the daily rate is going to be? There are public expenditure consequences, and we should not sign a blank cheque.

Ms Harman: It may well be that we can put a daily rate in the resolution until such time as the Senior Salaries Review Body produces its proposal for the daily rate. The 1 July start date is stretching, but there are a number of simple propositions here. The point is that we have to take action. Public confidence has been draining away. We do not want Sir Christopher Kelly to have to truncate his work and complete it in an unsatisfactory way—obviously, he would not be prepared

to do that anyway. He has to take some time to deliberate, but it is not acceptable to leave the present lack of confidence to continue until after Sir Christopher has reported. It is therefore right to take on the issue by way of interim proposals that can come into effect. The public do not accept the current situation and they want it to be changed. We can change it on an interim basis while Sir Christopher Kelly continues to reflect and until he comes forward with his independent proposals.

Hugh Bayley (City of York) (Lab): My right hon. and learned Friend will have heard earlier what I said about the shamefully low pensions that are payable under the present pension arrangements for Members' staff. Before Thursday's debate, will she commission some research into the proportion of Members' staff and of House staff who are women? I think that there really is a problem of gender bias in the pensions available to our staff and House staff. Will she come to the debate on Thursday well prepared to discuss the matter of transferring Members' staff to the House of Commons pension scheme if their employment is transferred to the House?

Ms Harman: My hon. Friend makes important points, and I will do exactly that.

Dr. Julian Lewis (New Forest, East) (Con): Given the typical state of the Liberal Democrat Benches throughout business questions, it is easy to see why that party is so strongly opposed to Members having to turn up at Westminster in order to be able to claim their allowances. However, my question is about NATO. One of NATO's two supreme commands is based in America and the other in Belgium. There are reports that the one based in America might now be moved to France as part of the price for France reintegrating with the NATO military structure. That move would be important and very expensive. May we have a statement from the Foreign Secretary as soon as possible on whether Britain is involved in negotiations of that sort?

Ms Harman: I will draw the attention of my right hon. Friend the Foreign Secretary to the point that the hon. Gentleman has raised.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Millions of people have seen the videos and photos of the incidents during the G20 demonstrations in London. I accept that my right hon. and learned Friend will not want to comment on individual incidents today, but may we have an opportunity to debate the way in which such demonstrations are policed, so that we can ensure that the right balance is struck between maintaining public order—we all know that the police have a very difficult job—and maintaining the democratic right to protest?

Ms Harman: As the hon. Member for Somerton and Frome has pointed out, there will be an Opposition day debate next Wednesday, the title of which is broad enough to allow those issues to be raised. My hon. Friend makes the important point that we want to defend the right of free speech and freedom of protest while allowing the City and the rest of the country to go about their business. There are thorough and rigorous investigations taking place into what happened to cause that tragic death during the G20 demonstration.

Sir Nicholas Winterton (Macclesfield) (Con): In supporting the views expressed by my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack), my right hon. Friend the Member for North-West Hampshire (Sir George Young) and the hon. Member for Walsall, North (Mr. Winnick), may I ask how we can enter into the debate on Thursday when the proposed per diem allowance will be no more transparent than the present arrangement? It will not deal with Members who are away carrying out duties with the Commonwealth Parliamentary Association, the Inter-Parliamentary Union or the Organisation for Security and Co-operation in Europe, or other parliamentary duties, but who still have to maintain accommodation in London. Furthermore, no mention has been made of how Members will pay for the accommodation that they have to maintain during the summer recess, when no per diem will be paid. This really is absolute nonsense. As many people have said, the proposal appears to have been decided after writing a few notes on the back of an envelope.

Ms Harman: If the criteria involve parliamentary duties, duties involving the CPA or the IPU could certainly come within that definition. Obviously, the resolution will need to address these issues and satisfy Members that they will be able to carry out their parliamentary duties. In relation to that, we need to ensure that parliamentary duties are properly defined. As far as the recess is concerned, the proposal is that the new scheme would be introduced in July and that the flat-rate daily payments would depend on the days attended. Because there would be fewer such days between July and 12 October, owing to the recess, there would have to be transitional arrangements.

It is easy to think of all the things that are wrong with every proposal. Among the 650 Members of this House there are 650 different views on what would be the best system—in fact, there are probably more, because some people change their mind from day to day. Actually, there is not a perfect system. I hope that we will all try in good faith to establish a system that recognises the extra expense of representing a constituency outside London, while satisfying the public by showing that Members are claiming expenses for coming to Westminster, rather than simply claiming them because their constituency is far away.

David Taylor (North-West Leicestershire) (Lab/Co-op): May we have a debate on the funding, role and value of sixth forms in state comprehensive schools, including the excellent Ashby and Coalville King Edward schools in my constituency? Those schools and others around the country were seriously alarmed and unnecessarily impacted by the late changes introduced by the Learning and Skills Council in March. Yesterday, after pressure from many hon. Members, myself included, and from early-day motion 1295, which I amended, the Chancellor thankfully announced the money necessary to head off what would have been a problem.

[That this House is concerned by the late and unexpected reductions in funding allocations to schools and sixth form colleges; notes that these reductions place school managements in great difficulty balancing their budgets; is concerned that schools face the prospect of cutting staff, reducing student numbers, or both; and calls on the Learning and Skills Council and the Department for Children, Schools and Families to restore the cut in sixth form funding.]

[David Taylor]

It would be useful to reassure those sixth forms of their status in the eyes of the Government by having a proper debate on their work in our society.

Ms Harman: I reassure all those concerned about sixth forms that hon. Members' representations about the problem were responded to by the Chancellor yesterday. More young people want to stay on in education, and the Learning and Skills Council initially indicated to sixth forms and colleges that that would be possible, but then said that the finance was not available. Now, however, in response to representations, the Chancellor has said that finance will be guaranteed, so 50,000 more students will stay on and all concerns should now be allayed. The Department for Children, Schools and Families will write to all schools and colleges to reassure them that they can now get on with their work positively in September.

Mr. Bernard Jenkin (North Essex) (Con): May I return the attention of the right hon. and learned Lady to early-day motion 1307?

[That this House notes the statement of the Director of Public Prosecutions on 16 April 2009 announcing his decision that no charges would be brought against the hon. Member for Ashford in relation to the documents leaked and stating that, 'Mr Green's purpose in using the documents was apparently to hold the Government to account'; and calls for the House to be given the opportunity to debate a motion to refer the matter to the Committee on Standards and Privileges.]

The motion seeks to refer the issue of the arrest of my hon. Friend the Member for Ashford (Damian Green) to the Committee on Standards and Privileges, and it is sponsored by three very senior Members of this House from all parties, notably the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) and the right hon. Member for Birkenhead (Mr. Field), among others. The remit of the resolution passed on 8 December makes no reference whatever to the issue of privilege. It also insists that there should be a Government majority on the Committee in question, which is not in the spirit of the way in which the Committee on Standards and Privileges operates. The Leader of the House is now the only apparent obstruction to following the procedure set out on pages 167 and 168 of "Erskine May"—namely, to refer the matter to the Committee on Standards and Privileges in the normal way. Why is she obstructing the House in that way? Is she really comfortable with being so obstructive on a purely partisan basis, when she should be representing the interests of the whole House?

Ms Harman: I object to what the hon. Gentleman says. I am happy for all these issues to be looked into. If there is strength of feeling about them, senior Members need to get together to look into all these issues, to reassure the House that they have all been examined and to produce their analysis of what went on and their proposals for changes, if any are needed. I am perfectly behind the idea that that should happen.

The House decided, at the request of the Speaker, that a Speaker's Committee would be the way forward, and the resolution says that that Committee will be able to make recommendations for the future. I could say, "I don't care how many Committees look at it. As many Committees as want to look at it should be able to do so." As there is so much complaint about the issue, I will look at the matter again.

This is not about being obstructive. The idea that the House first responds to a request from the Speaker to set up a Speaker's Committee and, shortly afterwards, before the Speaker's Committee has even started its work, asks the Standards and Privileges Committee to look at it—*[Interruption.]* They could be technically defined as different issues, but there is no reason why the Speaker's Committee should not look at all the questions about privilege that Members are asking for the Committee on Standards and Privileges to look at. However, as people are complaining so much, I will have another look at it, and I might do something ill judged and unwise and set up a twin-track process. Then, when there is duplication and overlap, I will say, "I told you so."

John Bercow (Buckingham) (Con): May we please have a debate in Government time on the Floor of the House on the method of composition of our Select Committees? Working on the assumption that, in a modern, healthy, vibrant parliamentary democracy, the Executive should not choose the members of the Committees that scrutinise them, would not such a debate provide an opportunity for the argument to be made for scrapping the present arrangements and replacing them with a sensible system in which the members of Select Committees are elected by a secret ballot of Members of the House?

Ms Harman: Whatever people's views on the processes for appointing the members and Chairmen of Select Committees, I think that our Select Committees do a damn good job on behalf of the House: they are robust, they are independent, and they are fair-minded and fierce in doing their duty of holding the Executive to account. I can see that there are many ways of twiddling how to get people on to Select Committees, but I would ask, "What's the problem? If it ain't broke, why fix it?" I think our Select Committees do a proud job; as soon as Government Members become Chairmen of them, they go native.

Hugh Robertson (Faversham and Mid-Kent) (Con): The Leader of the House will be aware of the concern felt on both sides of the House about the number of pubs that are closing each week—a concern that is particularly important to those of us who have breweries in our constituencies. She will be aware that the number of these small businesses closing each week has now reached 40 and she will be aware of the feeling in the industry that the provisions of yesterday's Budget will only worsen the situation. Will she therefore make time for a debate on a Government motion on the future of the pub industry, particularly on the impact of pub closures on many small communities up and down the country?

Ms Harman: I know that this is a matter of continuing concern, not just in urban areas but particularly in rural areas. A number of factors have come together to cause problems for publicans. Will the hon. Gentleman give me some time to reflect further and to talk to my ministerial colleagues before I get back to him? I know

that he and other Members have raised this matter on a number of occasions. It is an important issue to which I do not have a snap answer, but I will get back to him.

Mr. Rob Wilson (Reading, East) (Con): May we have a debate in Government time about the current squeeze on university finances? The two universities in my constituency—the universities of Reading and of the Thames Valley—are facing considerable financial pressures, so is it not time that the Government started their promised review of funding in that sector and stopped kicking the issue into the long grass? If they did that, at least the sector would know where it stands.

Ms Harman: I think the sector does know where it stands. It knows that it has the strong commitment of this Government, which has been exemplified in recent years by a steady increase in capital and revenue budgets. That is the case because we believe that the future of our economy depends on high qualifications, on our science base and on skills. The hon. Gentleman can reassure those in his constituency who are concerned about this issue that, as long as we are in government, we will maintain our commitment to capital and revenue public spending, whereas if his party were in government, they could expect cuts, starting right away.

Mr. Philip Hollobone (Kettering) (Con): May we have a statement from the Foreign Secretary on the deteriorating situation in Pakistan, the effective surrender to the Taliban of large parts of Pakistan's north-west frontier and the strategic risk that presents to British troops fighting in Afghanistan, because of the extended and exposed supply lines through Pakistan?

Ms Harman: This remains a very high priority on which we need to work multilaterally through the UN and other organisations and with the Pakistan Government. I will certainly draw the hon. Gentleman's points to the attention of the Foreign Secretary.

Coal and Carbon Capture and Storage

12.33 pm

The Secretary of State for Energy and Climate Change (Edward Miliband): With permission, Mr. Deputy Speaker, I would like to make a statement on coal and carbon capture and storage. In our energy policy, we face three challenges: to transform our energy to low-carbon sources; to maintain security of supply; and to do so in a way that is right for the British economy and industry. To meet that challenge will take all the low-carbon technologies at our disposal.

We need renewable energy, and in the last five years we have tripled renewable electricity supplies. We have more offshore wind power than any country in the world, and yesterday my right hon. Friend the Chancellor announced new support for offshore wind and new financial help for the wind industry to get through the credit crunch.

We need to facilitate nuclear energy, too. In the face of climate change, with assurances on safety and cost, many who once opposed nuclear power now support it. Thanks to decisions made by my predecessor, Britain is on track for a renaissance in nuclear power, and I announced last week the nominations for 11 potential sites.

The future of coal in our energy mix poses the starkest dilemma we face: it is a polluting fuel, but it is used across the world because it is low cost and it is flexible enough to meet fluctuations in demand for power. In the UK, a third of our existing coal-fired power stations are due to close in the coming decade.

To ensure that we maintain a diverse energy mix, including maximising our domestic fuel supply, we need new coal-fired power stations—but only if they can be part of the low-carbon future. Across the world, we know the challenge that coal presents. With many countries, including China and India, reliant on coal and many building new coal-fired power stations at a rapid pace, there is an urgent international imperative for us to make coal clean. With a solution to the problem of coal, we greatly increase our chances of stopping dangerous climate change. Without it, we will not succeed.

There is a solution to the challenge—through carbon capture and storage. Capturing the CO_2, transporting it and locking it permanently underground would reduce emissions by 90 per cent. While this technology has been demonstrated in its different parts and at small scale—capturing emissions from 30 MW—it has never been tried on a commercial scale, and never as the complete process from start to finish on a power station, so the first task is urgently to drive the technology at scale. We are already running a competition for one of the first end-to-end demonstrations in the world, covering capture, transport and storage. It will be one of the biggest CCS projects in the world—more than 10 times bigger than the largest existing pilot.

Yesterday, my right hon. Friend the Chancellor announced the public funding for the next stage. We will select bidders to proceed to detailed designs, but we know that we need to go further and, because of yesterday's Budget, there will also be funding for up to three more demonstration projects, which we want to involve a mix of pre and post-combustion so that all the technologies can be tested.

[Edward Miliband]

To support that, the Chancellor yesterday announced plans for a new incentive mechanism to support CCS. It could be based on a CCS feed-in tariff, so that projects could receive a fixed price for electricity, or on a fixed price for carbon abated. We will consult on this alongside our new coal conditions by the summer.

We need to ally this reliable stream of funding for carbon capture and storage, which we now have, with a policy on coal-fired power stations to drive the demonstration and deployment of CCS. We consulted last year on carbon capture readiness as the condition for new coal-fired power stations, but I have concluded that while it is right to go ahead with this condition, it will not on its own drive the change we need. I believe that we need to signal a move from the building of unabated coal-fired power stations—it is right to drive our country towards low carbon as part of a progressive decarbonisation of our power supplies. That is also an essential part of a new industrial strategy, and it is necessary if we are to show international leadership on climate change.

I therefore propose two new conditions that any new coal-fired power station must meet to gain consent in England and Wales. We are proceeding with a strategic environmental assessment and will consult formally in the summer. First, we must send a decisive signal that change starts now, so I propose a requirement to demonstrate CCS on a substantial proportion of any new coal-fired power station. We will propose for consultation a requirement to demonstrate at least 300 MW of net capacity or around 400 MW of gross output as a condition of any consent. The demonstration condition would mean that henceforth unabated coal-fired power stations would not get Government consent. Secondly, alongside that, we must secure not just a commitment to demonstrate, but, when the technology is proven, a commitment that CCS will be fitted on the entire plant.

The Committee on Climate Change concluded that

"conventional coal-fired power generation should only be built on the expectation that it will be retro-fitted with CCS by the early 2020s"—

the earliest it believes will be feasible. With the demonstrations in the UK and abroad, we will plan on the basis that CCS will be technically and economically proven by 2020. There will be an independent judge of when the technology is proven and I envisage the Environment Agency playing that role. Every coal-fired power station built from now would have to commit to retrofitting CCS on the whole plant—100 per cent.—within five years of 2020, subject to the technology being ready. Once the technology had been judged as proven, every new coal-fired power station would have to commit to CCS, not just on a portion, but on the whole plant.

I believe CCS will be effective and can be shown to work, but I will seek views in the consultation on whether we need a safety net if it does not become proven as quickly as we expect. We will also consult on whether, through an emissions performance standard, it is possible to implement the conditions I have outlined.

The new conditions come on top of the requirement on every power station to buy carbon permits, which under the EU emissions trading scheme are capped and falling. I believe that the funding for demonstrations and the conditions I have proposed meet the criteria I have set out. They set us on a decisive low-carbon path, with the UK doing more than any other country to demonstrate and deploy CCS, and they are the most environmentally ambitious coal conditions of any country in the world. They protect security of supply by making possible the only sustainable long-term diversity there is—low-carbon diversity.

I have received representations that there should be 100 per cent. CCS on new coal from day one, but I believe that they do not appreciate the need that still exists to demonstrate the technology before full-scale commercial deployment is possible. Such a condition would reduce the range of technologies that could be affordably demonstrated, would mean that demonstration of post-combustion CCS would be far less likely, and would fail to meet our international obligation to drive forward low-carbon technology.

By embarking on today's path to low-carbon coal, we shall be able both to meet our climate change commitments and to secure up to four new coal-fired power stations by 2020, whose operation will include the use of indigenous coal. This route to low-carbon coal is also right for the British economy, and will enable us to lead the world in carbon capture and storage. With a reliable stream of finance, we are investing in British skills so that our industries can lead CCS not just in Britain, but at power stations around the world. I hope that our industry, universities and scientists will respond to the challenge of creating a new industry in Britain.

Research suggests that CCS and other carbon abatement technologies could sustain 50,000 jobs by 2030. This is a massive regional opportunity for Britain. I pay tribute to our regional development agencies for what they are already doing on carbon capture and storage, and look forward to working with them. Teesside, the Thames Gateway, the Firth of Forth and the Humber are among the locations that could be suitable for a new CCS cluster. For our North sea oil and gas industry, CCS can herald a new low-carbon future. The 1960s and 1970s saw the development of a new North sea industry; in later decades, Britain can do the same with CCS.

The proposals that I have announced seek to combine the drive towards low carbon at home and around the world, meeting the need for security of supply, with the building of Britain's industrial future. They signal that the era of unabated coal is over, but a new low-carbon future for coal with CCS can begin. I commend the statement to the House.

Greg Clark (Tunbridge Wells) (Con): I thank the Secretary of State for early sight of his statement. I know from our exchanges that he is an avid student of my policy documents, and he knows how long the Conservatives have been trying to persuade him and his predecessors to give Britain a lead in carbon capture and storage. Sadly, that leadership has now passed to China, Germany and the USA. It is two years since the Government's characteristic dithering led to the collapse of BP's CCS project at Peterhead. That work is now being done in Abu Dhabi.

A year ago, my right hon. Friend the Leader of the Opposition set out the policies on CCS that Britain should adopt: to build a network of pipes and connections that would allow captured carbon dioxide to be transported from generating plants to areas of storage in the North sea; to equip at least three new coal plants with CCS

technology, financed by Britain's share of receipts from the EU emissions trading scheme; and to introduce an emissions performance standard that would limit emissions from any new plant to the equivalent of those from a modern gas-fuelled power station.

Our criteria remain those against which today's announcement must be judged, but let us be clear why the statement was so urgently needed. After 12 years, Britain's energy policy is as much of a horror show as our public finances, and for the same reason: the Government did not fix the roof when the sun was shining. We have known for more than a decade that a third of our generating capacity is to be turned off during the current decade, and that there is no remotely adequate plan to replace it with a low-carbon alternative. We have known for many years that North sea oil and gas are in decline, but our gas storage capacity is grossly inadequate. During the cold snap last February, storage dropped to just four days' worth. No other major European country generates less of its electricity from renewables, although we have some of the best wind, wave and tidal resources in Europe. If anyone thinks that the Government's handling of the economy was an aberration, let them look at the mess of their energy policy. While we welcome the Secretary of State's Damascene conversion to Conservative policy, it is from that appalling position that we now need to recover.

The Secretary of State will understand our need for reassurance about his intentions. Will he confirm that the new coal-fired power stations to be developed with CCS technology will be required to achieve an overall emissions performance standard of no more than 500 kg of carbon dioxide per MWh from the outset? If there is consent for four pilots, each generating 300 MW of abated electricity, that will mean the abating of 1.2 GW of new capacity by 2020. How much unabated electricity does the Secretary of State expect to be generated by those plants by that date? Is there any limit on the proportion of unabated electricity generated by them? Can we expect to see a monster new coal plant generating massively increased carbon dioxide emissions of which only a small proportion are abated by means of the measures that the Secretary of State has described?

As for the funding for the CCS clusters and the demonstration plant, will the Secretary of State explain why the Government have chosen to raise the money by means of a consumer levy rather than from EU ETS receipts? Will he tell us how much that levy will be and on which consumers it will fall, bearing in mind the burdens placed on households and firms by yesterday's Budget? Will he tell us how many clusters he expects there to be, and can he assure us that their locations will be chosen with technical viability rather than political convenience at the forefront of the considerations? Will he tell us plainly whether he will consent to new coal plants outside the cluster areas?

In yesterday's Budget speech, the Chancellor vainly tried to distract attention from the wreck of Labour's economic policy with a few meagre and meek environmental proposals. If the Secretary of State's conversion on CCS is genuine, I welcome it, but I sincerely hope that today's announcement does not turn out to be another example of Government greenwashing. The Secretary of State said that the Government must send a decisive signal, but much of the commitment that he has made is still subject to consultation. He has left it perilously late to secure our energy supplies for the decade ahead and to reduce our greenhouse gas emissions, but it is absolutely vital that these decisions are finally acted on now, without delay.

Edward Miliband: I have respect for the hon. Gentleman, but I hope that when he reflects on his performance today he will reconsider his position and think hard about what policy he wants to pursue. I have to say that he gave a pretty disappointing response that did not show much understanding of the difficulties that we face.

The hon. Gentleman asked about the funding mechanism. He was right to point out that part of the challenge is finding the funding, but the problem with his proposal of using funds from the auctioning of the European carbon allowances is that that has already been accounted for in the Chancellor's Budget plans. The money is not available. The hon. Gentleman's proposal constitutes an uncosted commitment to providing billions of pounds without the faintest clue about where the money will come from. He does not have the money, because it is included in the general accounts published in the Budget. It is difficult to find the necessary finance, and I pay tribute to my right hon. Friend the Chancellor for deciding that we will fund these measures. I hope that the hon. Gentleman will reflect on the means of financing them; he has no such means at his disposal.

The hon. Gentleman asked how much unabated coal there would be. Let me say to him candidly that while he can pursue his demand for 100 per cent. CCS from day one—I dealt with that in my statement—I believe that it is a foolish approach. It is unaffordable, and it does not make sense in the context of a demonstration technology. It is true that 20 or 25 per cent. of the plant would be abated through CCS, and obviously we will consult on that, but I have thought hard about the matter, and I believe that we have struck the right balance between what is affordable and what is a proper way of demonstrating the technology.

We will of course consult on the level at which the emissions performance standard could be set, but I must caution the hon. Gentleman against plucking figures out of the air. I have given careful consideration to the proposal for 500 kg per MWh, and I do not think that it would necessarily be appropriate for the conditions that I have described. However, I shall be happy to engage in consultation.

We shall have more to say about clusters in the consultation document, but I believe that it will be possible to have a number of them around the country, and we will view the bids impartially. Many regions are already submitting proper bids.

I genuinely hope that we can build consensus in the House. I believe that the combination of the Chancellor's announcements yesterday, the funded demonstration of CCS and my statement today represent a real step forward in security of supply and the environment. I hope that, on reflection, the hon. Gentleman will be able to give our proposals a warmer welcome.

Malcolm Wicks (Croydon, North) (Lab): I genuinely welcome my right hon. Friend's important and well-balanced statement, which has significant implications for the future of our country. I congratulate both him and the Minister of State, but, if he will forgive me, I

[Malcolm Wicks]

congratulate particularly his officials in the Department and outside experts who, contrary to what we have heard, have worked on this for a number of years and unravelled the complexities.

Would it help if the Secretary of State organised a workshop to bring Opposition Front Benchers up to speed on the complexity of the issues, the economics involved and the technical work that has been done not only in Britain but in Norway, because this is too important an issue to play politics with? Does he agree with me—

Mr. Deputy Speaker (Sir Michael Lord): Order. I think that that is enough for the time being.

Edward Miliband: I was rather enjoying my right hon. Friend's contribution. I agree with all the points he made. Teach-ins were fashionable in the 1970s, but I am sure that the Opposition could benefit from a teach-in on this issue given the contribution we just heard.

I join my right hon. Friend in paying tribute to the officials who have worked on, and helped in, this incredibly complex policy area, and I also pay tribute to my right hon. Friend for the work on this issue that he did as an Energy Minister, and that he continues to do. He understands its international dimension, and I assure him that we will work with other countries to develop this technology. I have already talked to Secretary Chu, the US Energy Secretary, about how we can co-operate on our learning about CCS.

Martin Horwood (Cheltenham) (LD): I too am grateful for receiving notice of the statement.

This is a step in the right direction: carbon capture is a vital technology in the transition to a lower carbon electricity-generating economy. It also has huge advantages over, for instance, nuclear, not only because it contributes to base load supply, but because it can provide variable supply, thereby tackling some of the problems of intermittency and peaks and troughs of demand.

I recognise that the Secretary of State might have had to overcome opposition from within his own Government. Last year, some of us battled against the former Minister, who has just spoken, the right hon. Member for Croydon, North (Malcolm Wicks), during the passage of the Energy Act 2008, when he fought tooth and nail against expanded competition, and I think it would be appropriate to say that we have the scars on our backs. Sadly, as a result, we have lost crucial ground to the United States, Canada, Brazil, China and others in benefiting commercially from this technology.

My first question is on funding, which the Committee on Climate Change and *The Guardian* seem to agree will come from a charge on the power system—in other words, on customers' bills. Today's statement was, understandably, a little cagier, because is there not a risk that this will contribute to fuel poverty without cuts in income tax for the least well-off, without mandated social tariffs—as suggested in the Bill proposed by my hon. Friend the Member for Somerton and Frome (Mr. Heath)—and without massive investment in energy efficiency for millions of homes, as proposed by the Liberal Democrats?

My second question is about emissions performance standards. I echo many of the comments from Conservative Members and hope that the Government will now support the private Member's Bill promoted by my *right hon. Friend the Member for* Ross, Skye and Lochaber (Mr. Kennedy).

My third question is about the commitment to 100 per cent. retrofitting. That looks fine until we see the escape clause—whether the technology is ready. The critical question is: who bears the risk of it not being ready, the energy companies or the planet? If CCS is not ready, would a Labour Government close Kingsnorth? Unabated coal-fired power stations are the worst of all options—worse even than seeking a derogation from the European Union to extend the life of existing gas-fired power stations for a few more years until CCS is ready. This statement and policy proposal is well intentioned, but it contains a dirty great loophole that is big enough for some of the dirtiest possible power stations to fit into.

Edward Miliband: The hon. Gentleman started off well, but slipped into the same mode as the Conservative spokesman. We certainly look forward to being in power in 2020 to be able to answer some of his questions.

We all face a problem in respect of fuel poverty, and it is best to be candid about it: there are upward pressures on prices from both the high and low-carbon futures. If we carry on with the high-carbon future—I know the hon. Gentleman does not want us to do that—demand from China and India will force prices up, so that is no solution. We are looking at social tariffs—compulsory social tariffs is one of the issues—and the answer is to act on fuel poverty at the same time as driving towards a low-carbon future. Therefore, I agree with the hon. Gentleman that we need to take additional measures on fuel poverty.

I have said that we shall consult on the emissions performance standard. I told the hon. Member for Tunbridge Wells (Greg Clark) that we need to be cautious about plucking figures out of the air about the EPS. I have set out the way in which we should demonstrate the technology, and I think we need an EPS that is appropriate for the technology. We should debate the precise figure, but I am not going to state a number today because I do not think that is a sensible way to make policy.

The technology for retrofitting needs to be proven. For us to demand that CCS must be fitted on a whole plant, it needs to work. I believe that it will work—obviously, we all hope that it will work—but I also said in my statement that, importantly, we must discuss the eventuality that it does not work and whether, in that case, there should be restrictions on the operation of the plant. However, we are performing a very fine balancing act between getting coal plants built—because, after all, energy companies and others could say they are just going to build gas—and driving towards low carbon. That is why I have set out a framework today, and I say, in the spirit of genuinely wanting co-operation, let us consult on the detail and get that right. The framework needs to last for some time, and I will want to engage in genuine dialogue with the hon. Gentleman about it.

Mr. Elliot Morley (Scunthorpe) (Lab): I greatly welcome the statement. It sends very clear signals, and we should not underestimate the benefits that come from that in commitments. It is also balanced about what can and cannot be done at present. I am particularly pleased that my right hon. Friend mentioned regions and clusters.

While the priority must be coal, as he will know, a lot of carbon capture work is going on in, for example, the steel and the petrochemical industries. In the south Humber and Yorkshire region we have, of course, Europe's biggest coal plant: Drax. Regionally, there are some very exciting proposals for clusters and network collections of CO_2. On the south Humber, there is a centre for the whole low-carbon sector, particularly the offshore sector. Would my right hon. Friend be interested in meeting a delegation from our region to talk about how regions can work with the Government to achieve the outcomes we all want?

Edward Miliband: I would be delighted to do that, and I pay tribute to my right hon. Friend's work on these issues. I had the privilege of receiving a presentation from Yorkshire Forward about its plans. My right hon. Friend makes the important point that carbon capture not only could apply to coal-fired power stations, but could be of use for steel and other sectors. That network could play an important role, too.

My right hon. Friend makes another important point. There are huge industrial opportunities for this country—such as jobs—in this cluster approach. That is certainly the basis on which we will want to proceed, and we will want to work with his Select Committee again to get the details right.

Mr. John Gummer (Suffolk, Coastal) (Con): I congratulate the Secretary of State on his long-awaited and welcome statement. He understates his own contribution, however, because one of the reasons he has encountered a certain amount of scepticism from Opposition Members is that many of the measures he has announced today are those that we pressed for but which Labour Members said were impossible. Therefore, we will go on pressing him, as it seems to help him very much. Will he assure the House that he will take tough measures to make it clear to the industry, especially the generators, that this is not an easy push—that they will have to do their best to deliver, and that they cannot get out of it when we reach 2020?

Secondly, can the right hon. Gentleman point to the precise spot in the Budget statement that refers to the emissions trading scheme, because this remarkable statement suggests that the money has already been both calculated and applied elsewhere? That is something that we did not know, and there is a big question from the green movement about whether the money might be used for purposes other than the improvement of Britain's green economy.

Edward Miliband: May I say that I benefited very much from conversations with the right hon. Gentleman about these issues? His contribution to this debate has been very important. He is right that, on coal, we are moving towards a need for the right form of smart regulation to drive the right investments by energy companies. I have also benefited from my discussions with them about these issues and about getting the balance right. The EU emissions trading scheme is calculated as part of the general accounting that is done by the Government and the Treasury and is part of those overall accounts.

Mr. Eric Illsley (Barnsley, Central) (Lab): My right hon. Friend's statement tends to concentrate on new-build coal-fired power stations. Will he give some encouragement to technologies that I hope are being demonstrated? I am talking about pre-combustion capture technologies that use the old British Coal topping cycle—a technology that was abandoned by the Tory Government back in 1988. There are companies that believe that they could retrofit that old British Coal topping cycle technology to existing coal-fired power stations, which could extend the length of those stations after 2015. That could be part of the solution to this problem.

Edward Miliband: I pay tribute to the work that my hon. Friend has done on these issues. I shall examine his proposal, as it could certainly make a contribution. In respect of coal, and all kinds of other fuel, it is necessary to use all the technologies at our disposal, and co-firing with biomass can also make a contribution to reducing emissions. We will use all those technologies and I am happy to examine my hon. Friend's specific proposal.

Mr. Brian Binley (Northampton, South) (Con): I, too, welcome this statement. I do not wish to be churlish, so I pay tribute to the work done by the right hon. Member for Croydon, North (Malcolm Wicks), who laid the platform for this particular statement—we should recognise that fact. May I also say that I hope that my own Front-Bench team will become more consensual once the Budget period is out of the way?

I wish to ask two very quick questions, the first of which relates to the coal-producing areas. We know that much of the coal required is being imported and there is a lot of work to do to involve our coal-producing areas, so what thoughts does the Secretary of State have about that? Secondly, I wish to press him on a decision about Kingsnorth, but, from day one, I also urge him to include that power station within the parameters that he has outlined today. We need a decision on the current proposal on Kingsnorth urgently, but we also need that power station to be included in the particular programme that he has described today.

Edward Miliband: I obviously agree with much of what the hon. Gentleman said, and I think that today's announcement offers a big opportunity for the former coalfield areas from which they can really profit. Kingsnorth is involved in our competition, and the next stage of the process will be front-end engineering and design studies—the bidders will put forward their proposals and we will judge who will be the eventual winner of the competition. The good news is that there are a number of opportunities to benefit from the four demonstration projects.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the Secretary of State on a very imaginative statement. Will he say a word or two more about sourcing? If we do nothing to develop new deep mines, for example in north-east Leicestershire, where 800 million tonnes of clean coal is available, what will inevitably happen is that there will be an expansion of imports from sometimes unstable regimes and, more worryingly, an expansion of open-cast mine extraction. That affects all mining constituencies, particularly those in England, where there are shallow, unworked seams that the open-cast coal people would like to access because of the low cost. However, the environmental and social impact of such mining is very significant, as we see in respect of the Minorca application in north-west Leicestershire, which is about to be submitted.

Edward Miliband: On my hon. Friend's first point, indigenous coal does have an important future, and I obviously discuss that with UK Coal, the miners' unions and others when talking about these issues. It is important to put that on the record. It also helps security of supply if we are able to benefit from such coal. On his second point, the existing planning guidance, which has been in place for some time, is obviously a matter for the Department for Communities and Local Government, and it remains the basis on which we are moving forward.

Mr. Mike Weir (Angus) (SNP): I am tempted to say better late than never. Scotland could have been well in the forefront of carbon capture and storage had the Government not pulled the rug from under the Peterhead project. Given that Scotland has some of the largest carbon storage reserves in Europe in the North sea saline aquifers and depleted oil and gas fields, and the expertise on how to access them, it would be a tragedy and a travesty if the firth of Forth was not one of the clusters chosen in this project. Can the Secretary of State tell us when the winning entry will be announced? Is he still committed to having a full-scale demonstration project up and running by 2014?

Edward Miliband: Two processes are involved—the existing demonstration competition, in which three bidders are still involved, and the new incentive mechanism, which will require legislation to go through this House. If the Scottish Executive also want to put some money into taking these projects forward, we would be interested in having some of it. The basic point that I wish to make is that the firth of Forth will be part of the competitive process. It is not part of the existing demonstration, but given our announcements about an extra three demonstration projects, there is the potential for it to be involved. We have to use all the means at our disposal to develop this technology, and that will be true throughout the United Kingdom.

Joan Walley (Stoke-on-Trent, North) (Lab): May I offer a warm welcome to the very measured statement made by my right hon. Friend? It really will set us on a transformational agenda in terms of the future low-carbon economy worldwide. Given that carbon abatement technology is the new black gold, will he carefully examine what can be done in areas such as the former coalfields in north Staffordshire, where there used to be many jobs in mining? Will he work with the regional Minister and the regional development agency to see how the former Chatterley Whitfield colliery in my constituency, which produced more than 1 million tonnes of coal in its heyday, can be transformed so that the people still living around that site have opportunities for new manufacturing work in carbon abatement technology?

Edward Miliband: My hon. Friend makes a very important point in a characteristically eloquent way. There is a real opportunity, including in her area, and this will require work with the regional development agencies and others who are already getting involved. It will also require work with our scientists, our universities and others. I recently visited a university that is already working on carbon capture and the role that it can play. We need to mobilise all such forces in order to develop this technology and to win jobs for Britain and for our regions.

Mr. Philip Hollobone (Kettering) (Con): If all goes according to the Government's plans and there are four new coal-fired power stations by 2020, does the Secretary of State think it will predominantly be British coal or foreign coal that is decarbonised?

Edward Miliband: As I have said in earlier answers, indigenous coal has an important role to play. If the Conservatives are supporting indigenous coal supply, that is much to be welcomed—it certainly does not bear any relationship to their record in government. Indigenous coal can play an important role and some of the decisions made in the 1980s were a tragedy; we could have much more viable coal mines and many more mines than we have if those wrong decisions had not been made. We need to do all we can to maximise what we can get from indigenous coal.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I welcome the Secretary of State's announcement. The framework that he sets out will be very helpful, and I was particularly pleased to hear what he said about his meeting with Yorkshire Forward. He will be aware that the Yorkshire Forward project is an infrastructure project that would rejuvenate the engineering and steel industries in south Yorkshire, because it is proposed that it would create 55,000 jobs. May I say to him that we are likely to hit a real problem between 2012 and 2015, when there will be the simultaneous run-down of coal power stations and nuclear power stations? Perhaps we could consider some retrofitting with super-critical boilers, because we would thus be introducing a CO_2-reducing technology. Such work would provide us with the opportunity to be able to have them fitted ready for carbon capture so that when the technology is proven, it could be fitted. That would get us through a crucial energy supply period.

Edward Miliband: My hon. Friend has huge expertise, and I pay tribute to him for the enormous amount of work that he has done for our coal mining communities.

My hon. Friend made a very important point about the Yorkshire Forward project, but I will generalise. We need public investment, and that is what we will see as a result of the Chancellor's announcements, but we also need private investment. That combination, including investment in some of the industries that he was talking about and the networks that we need, can make a real difference in the future. I am very happy to discuss further with my hon. Friend his other points about new investment, retrofitting, flue gas desulphurisation and so forth.

Dr. Julian Lewis (New Forest, East) (Con): I welcome the comprehensive approach that the Government are taking to these questions. Will the Secretary of State tell us what examination he made of the type of balance being struck by other European countries between different forms of energy generation? France, in particular, as we know, has a great degree of self-sufficiency based on nuclear power stations. What sort of balance does he think that we should have between nuclear power and the new technology that he has described?

Edward Miliband: The hon. Gentleman makes an important point. The view about nuclear in this country was coloured by the experiences that we had, the plants that were gone for and the cost of waste and clean-up. I am pleased that my predecessor made the decisions that he did about nuclear. As I said earlier, I think that climate change has changed people's view about the role of nuclear in the energy mix. On the subject of the French example, I am not sure that we would want to be wholly reliant on nuclear. It should be part of the energy mix along with clean fossil fuels and renewables, and there should still be a role for gas, at least for the time being. I think that that is the right way to go.

Nia Griffith (Llanelli) (Lab): I welcome my right hon. Friend's statement and the commitment shown by the Government to carbon capture and storage. Will he elaborate a little more on the use of indigenous coal? We know that, very sadly, many mines were abandoned after considerable investment in the '80s. Sinking new deep mines requires considerable investment, and I want to know what steps the Government are taking to foster further development of deep mines so that we are not reliant on imports, which have a carbon footprint because of their transportation and which offer less security of supply, and so that we provide jobs for our own people here.

Edward Miliband: There are obviously limits—one should be candid about it—in terms of rewriting history on these things. Decisions were made in the 1980s and 1990s and it is hard to reverse some of them. I have mentioned Harworth, where a particular case has been made. It has been mothballed for a couple of years and we are in discussions with UK Coal about it. We will listen to all representations that we receive about deep mines and their potential. The mines that are open provide an important indigenous source of fuel for Britain and will do so for many years to come.

Points of Order

1.13 pm

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Deputy Speaker. On 1 March, the *News of the World* smeared me in a story about parliamentary allowances, based on a false claim that I hardly visit the home in my constituency where I have lived every week for more than a decade. That story is now before the Press Complaints Commission. It was given credibility by a clear endorsement by the hon. Member for Lewes (Norman Baker), who knows that I am mentioning him and was in this Chamber earlier today, but who could not possibly have known whether the specifics of the story were true or not. Instead of apologising for not even consulting me first, the hon. Gentleman has claimed in correspondence that he gave only what he describes as "a generalised non-specific quote" that "does not even name" me, that he was "unaware" of much of the story's contents before commenting, that he has not accused me

"of breaking the rules or indeed doing anything wrong"

and that he

"did not, for example, 'fume'"

about my behaviour as the newspaper alleged.

I have now seen the newspaper's evidence to the Press Complaints Commission. Its reporter, Jamie Lyons, states that

"before publication I had a lengthy telephone call with Mr Baker in which I went through in detail the specific allegations about" Julian

"Lewis. He was then happy to give me the quote used in the story. I have spoken to Mr Baker since and he has absolutely no complaints about the quote."

Is there any general guidance that you can give, Mr. Deputy Speaker, about standards of decency and integrity to be adopted by hon. Members when publicly criticising the personal conduct of colleagues, particularly when the person making the criticism has previously claimed very large sums of money from the public purse, including tens of thousands of pounds to pay rent to himself for a constituency office inside his own main home?

Mr. Deputy Speaker (Sir Michael Lord): The hon. Gentleman's point of order is obviously not a matter with which the Chair can deal in detail. I will say to the House, however, that I think that all right hon. and hon. Members should be very careful in their dealings with the media, particularly when reference is made to colleagues in this House. On every occasion, colleagues in this House should deal with each other with the greatest possible care and respect.

Mr. Charles Walker (Broxbourne) (Con) *rose—*

Mr. Deputy Speaker: I think that I have dealt fully with that point of order.

Mr. Walker: It is a different point of order, Mr. Deputy Speaker. A month ago, secondary schools in my constituency were notified that their funding for sixth form places was going to be cut. It was rumoured today that there might be a statement from the Secretary of State for Children, Schools and Families on the state of

[Mr. Walker]

play in returning that money to the schools. How can we persuade the Secretary of State to come to this House to make a statement on this important matter, which affects all our constituents across the country?

Mr. Deputy Speaker: I am well aware of how important these matters are, not just to the hon. Gentleman's constituents but to others. He will know full well that the Chair does not have responsibility for when and where Ministers make statements to the House, but his points are firmly on the record and I have no doubt that those on the Treasury Bench have taken note of them.

Ways and Means

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Debate resumed (Order, 22 April).

Question again proposed,

That,—

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation,

(b) for refunding an amount of tax,

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.

1.17 pm

Mr. George Osborne (Tatton) (Con): It is a great pleasure to open the second day of this Budget debate. It gives us an opportunity to look at the detail of the Budget and to highlight the points that the Chancellor of the Exchequer entirely omitted from his speech yesterday lunchtime. It is also a pleasure to do so opposite the Secretary of State for Energy and Climate Change. The Chancellor has let me know that he is on his way to an important meeting in Washington, and I entirely accept that.

Mr. Peter Bone (Wellingborough) (Con): He's going to the International Monetary Fund.

Mr. Osborne: As my hon. Friend says, the Chancellor might well want to put in a call to the IMF for all sorts of reasons.

It is good to open this debate with the Energy Secretary here. He is always an engaging fellow and we always have a good relationship. After all, he was one of the key economic advisers of the last 10 years—one of the members of the council of economic advisers and one of the adjuncts in that famous Treasury bunker. To be fair, he has always stressed that he just stuck to giving economic advice rather than trying to run the political operations. Given what has happened to the British economy, perhaps in the interests of his long-term ambitions, he should take credit for the political operations and leave Mr. McBride to take the blame for the economic advice.

We welcome the Secretary of State to this debate, and it is a special one. Government Budgets normally take a few days to unravel—sometimes just one day—but this one set a new record. It unravelled half an hour after the Chancellor sat down. He sat down at around 1.30 pm, and at 2 pm the IMF produced its growth forecasts for the world economy and the British economy, which completely contradicted the growth that the Chancellor had given to the House just a few minutes earlier.

Instead of the economy going from a staggering 3.5 per cent. contraction to a fantastically optimistic 3.5 per cent. growth in just two years, the IMF says the recovery will be much slower and, indeed, that Britain's economy will still be contracting next year. I hear sneers and dismissal from Government Members about the IMF's figures, but I thought that the IMF was going to be the new early-warning system for the Prime Minister. In a stroke, the IMF destroyed the credibility of the premise on which the Budget and its borrowing figures had been built. The claim is that within just two years, the British economy is supposed to bounce from the deepest recession that it has known since the second world war to levels of economic growth and household consumption seen only at the height of the boom; we now know that, frankly, in the view of almost every independent forecaster, that is a complete fantasy. No wonder that one paper this morning described the whole thing as "Alistair in Wonderland". I guess that that leaves the Prime Minister as our mad hatter—and given the expression on the face of the Secretary of State for Energy and Climate Change, he is the white rabbit.

As I say, the IMF was not the only one to question the central Budget assumptions. Almost every single business organisation and independent forecaster followed suit, including the Institute of Directors, the Engineering Employers Federation and a host of others. This is what the chief economist at Standard Chartered—one of the few banks that has not gone bust under this Government—said yesterday afternoon:

"The chancellor...believes recovery will be rapid...we will see growth of 1.25 per cent. in 2010 and 3.5 per cent. in 2011. This is fantasy...as this...rebound is expected to occur"

while the "legacy" of the borrowing binge "lingers on".

Extraordinarily, the Chancellor of the Exchequer yesterday announced the worst public finances ever announced in the House of Commons, told us that in the next two years we would borrow more than has been announced at that Dispatch Box by all previous Chancellors combined, and said that he would double the national debt, yet he was guilty of being too optimistic. That is the scale of the mess that the Government have created. The tragedy of yesterday was that instead of being honest about that mess—instead of taking responsibility for the mistakes that have been made and giving us a credible plan to pull Britain through—we got that complete fantasy.

This is what the director general of the CBI said yesterday afternoon:

"The key question for this Budget was whether it set out a credible and rigorous path for restoring the public finances to health. The CBI's preliminary judgement must be that it does not".

That sums up the scale of the failure yesterday. The central task of a Budget in a recession such as this is to inspire confidence in the future—confidence that the Government are realistic about the problems that the country faces, confidence that they have a credible and rigorous plan to deal with those problems, and confidence that they have the leadership and vision to take this country forward. Who would say that in Britain today, people and families are feeling more confident about this country's future as a result of the Budget? Almost no one. That is why yesterday was not a route map to recovery but the death rattle of a tired and discredited Government who are limping on until the law of the land actually forces them to hold a general election.

Let us look at the components of what a credible and rigorous path for restoring the public finances might look like, and then we can see why the Budget failed. *[Interruption.]* Indeed, and it might come as a surprise to the Secretary of State for Energy and Climate Change, that there is such a thing as a credible and rigorous path because we certainly did not hear of one yesterday. First, it would involve understanding why the public finances are in such a disastrous state. The Prime Minister is still stuck in the rut of claiming that this is the recession that came from America and hit an otherwise sound British economy. I see the hon. Member for Midlothian (Mr. Hamilton) nodding his head. He must be about the only person in the world who believes that now. *[Interruption.]* Okay, the three of them do—the hon. Members for Glasgow, North-West (John Robertson), for Coventry, South (Mr. Cunningham), and for Midlothian. Perhaps if we have a swipe-card system, we will get some more in, too.

Whether we are talking about Lord Turner, from whom the Government commissioned a report, or the Treasury Secretary of the United States, there is now consensus that the British economy, like the American economy, went through a credit boom that fuelled an unsustainable rise in house prices, household borrowing and bank leverage. Indeed, it was greater in the UK than in the US. It was an illusion of economic stability built on a mountain of debt. Given that, the claim to have abolished boom and bust was surely one of the greatest political deceits ever told to the British people, and the decision to borrow at unsustainable levels during the boom, instead of fixing the roof when the sun was shining, left Britain totally unprepared for the economic slow-down. That is why Britain now has the worst public finances of any major economy in the developed world. Even in the past 24 hours, after the Government forecast a Budget deficit of over 12 per cent. of national income, Ministers still will not admit it.

I welcome the Chief Secretary to the Treasury to the Chamber. Yesterday, I watched her saying in the media that the US deficit was going to be higher than ours. I do not know whether she read the IMF report published yesterday afternoon. It says that with the exception of Ireland, the UK has the highest budget deficit of any of the countries that it looked at—higher even than that of Iceland, let alone the United States of America. That is the highest deficit in our peacetime history.

Let us remember what the Prime Minister said just last year. Perhaps these words were crafted by the Secretary of State for Energy and Climate Change:

"Look in the early 1990s, let's look at how economies go wrong,"—

said the Prime Minister—

"in the early 1990s Government borrowing went up to 8 per cent of GDP, that's what happened under the Conservatives. It went completely out of control."

If he describes 8 per cent. as "completely out of control", what does he call a 12 per cent. budget deficit?

In the Red Book, there is an admission, which we might well be putting on posters in the run-up to the next election, that the current downturn is forecast to be much deeper than that of the early 1990s.

The Secretary of State for Energy and Climate Change (Edward Miliband) *indicated dissent.*

Mr. Osborne: The right hon. Gentleman shakes his head, but it is there on page 200 of the Red Book. He can read it out if he likes, or I will. [HON. MEMBERS: "Go on!"] Oh, all right. It says that

"the current downturn is forecast to be much deeper than that of the early 1990s".

There we go—from the lips of Labour itself, after all those years of lectures about the 1990s, Black Wednesday and all that, we have that admission, and we will treasure it.

Of course, when the Government's defence on the deficit is looking a little threadbare, they turn to the argument about the stock of debt—overall levels of Government debt—but that argument is now falling apart, too, because the stock of debt is soaring as well. According to the OECD, Britain will have higher debt than 20 other developed nations—higher than France and Germany. The significance of that is that the Prime Minister said, just a few months ago:

"The national debt, even after the difficulties that we go through, will be lower as a percentage of national income than in France, Germany"—[*Official Report*, 26 November 2008; Vol. 483, c. 716.]

That commitment—that promise—given by the Prime Minister just a few months ago is now completely worthless. We will see whether the Secretary of State for Energy and Climate Change repeats it today. How on earth can the Prime Minister be trusted to get the future right when he does not understand the mistakes of the past or the problems of the present?

The second component of a credible and rigorous path to restoring some sanity to the public finances is a clear statement that the principal weapon in dealing with Britain's overspending is spending restraint. Let me be fair: Labour has come off its spending plans. Fantastic! At last! We have been telling it to do that for months. We would like to hear an apology from every single Labour Minister who has stood at that Dispatch Box month after month and said that coming off Labour spending plans meant savage public service cuts. Only a few months ago, the Prime Minister said of my right hon. Friend the Leader of the Opposition:

"he wants to cut public spending. He is totally on the wrong side of the argument."—[*Official Report*, 14 January 2009; Vol. 486, c. 210.]

But listen to what the Chancellor of the Exchequer said on the "Today" programme this morning:

"I have cut overall public spending"

in the Budget. In fact, the Budget Red Book shows that Labour will cut its departmental spending plans by £9 billion, and its capital spending plans by £11 billion, over the next four years. That is what the Labour MPs were cheering about at the end of that Budget statement—not that the cheering went on for very long.

That is the political tragedy of the Budget. We have moved from the age of prosperity to an age of austerity, but the leadership of the Labour party has been completely left behind by events. There should be a sensible debate in this Parliament, now, about how we can deliver decent public services in a period of tight spending control. We should be discussing how to get better value for money now that the cupboard is bare. We should be deciding—and perhaps have a debate between the parties—on the best way of tackling the long-term drivers of public expenditure, such as unproductive services, welfare dependency and family breakdown. We should be working out what replaces the completely defunct fiscal rules and the two-year spending reviews that used to provide at least some appearance of a fiscal framework. But what do we have from the Labour party? Absolutely nothing. The fiscal framework now consists of a temporary operating rule that will be more permanent than the temporary fiscal rules that were supposed to be permanent.

To be fair, some people in the Labour party, and some people who used to be in the Labour Cabinet, want to have debate about the politics of austerity and how to deliver government to the people in a time of spending constraint. The right hon. Members for Birkenhead (Mr. Field) and for Norwich, South (Mr. Clarke) and even the hon. Member for Dagenham (Jon Cruddas) have all called for such a debate, but their problem is that their party is led by someone who still wants to reduce everything to a pathetic dividing line of Labour investment versus Tory cuts. How on earth does the Prime Minister expect to achieve that? How on earth does he expect to advance that argument when, on the basis on which Labour fought the last election, the cuts announced in yesterday's Budget amount to £84 billion? Does he really think people will not notice that, far from seeing so-called Labour investment, we have just seen investment in the health service—capital investment—cut by £2.3 billion next year and investment in schools and universities cut by £900 million?

The Government have another problem. Although the Budget accepts the principle that Labour spending plans were completely unaffordable, and although the Government have told us that billions of pounds are being wasted in Whitehall as we speak, they cannot explain why they are still planning to increase spending in 2010 by 2.9 per cent. Indeed, yesterday the Government actually increased their spending plans for 2010—next year—by £20 billion, and only half of that was extra spending on debt interest and unemployment. When will they admit in their arguments what the figures in their Budget tell them? Their spending plans are simply unaffordable.

The Chancellor has admitted that there is scope for efficiency savings. On the radio this morning, he said:

"Any organisation can always be more efficient...We"—

the Government—

"need to be more efficient."

Anyone listening to that might have been under the impression that the Government were actually taking some of those tough decisions to make things more efficient, but the Chancellor will start to constrain public expenditure only in 2011. I wonder why he picked that date—*[Interruption.]* The Secretary of State says that we want to cut it now. Just to be clear, we are proposing, in a recession, to restrain the growth of public expenditure by £5 billion and use the money to reduce taxes on pensioners and savers and to provide extra courses for people who are leaving university this summer. Even with the right hon. Gentleman's economic understanding, he must realise that that is not a fiscal tightening or a fiscal loosening. It is fiscally neutral and it is the right way to spend money that the Government themselves admit is being wasted at present.

Is it not the most cynical trick of all for the Government to pretend that they are only hitting the rich by raising their taxes before the election, while delaying the real

tax rises and tough spending decisions until after the election? How courageous. What leadership: a move worthy of a Prime Minister who has never had the courage to submit himself to a democratic vote. Thankfully, the public have seen straight through it. Instead, we see the Labour party lurching left, off the centre ground that Tony Blair put it on all those years ago. Gone is the language of aspiration and opportunity; in comes the talk of "soak the rich" and "pips squeaking". Never mind that a 50 per cent. tax rate before the election clearly breaks one of the central promises in Labour's election manifesto. It will be interesting to hear what the Secretary of State says about the election manifesto commitment not to raise the top rate of tax. The manifesto said:

"We will not raise the basic or top rates of income tax in the next Parliament."

As I understand it, if there is a general election next May or June, that will have happened and the manifesto promise will have been broken. That is from a Prime Minister who, unbelievably now, came into office pledging to restore trust in politics.

Of course, it is not the rich who will bear the burden of Labour's historic incompetence. When we look closely at the Red Book, it is clear that the headline-grabbing measures announced by the Chancellor will actually raise less money than the national insurance rise on the jobs and incomes of people earning more than £20,000 a year. Although we do not think that higher marginal tax rates are a good idea, and although we agree with all the arguments that used to be advanced from the Dispatch Box by the former Chancellor and the former Member for Sedgefield that higher top rates of tax can damage enterprise, our priority will be to reverse the tax rises on the many, not the few.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Will the hon. Gentleman say whether a future Conservative Government would actually implement the 50 per cent. tax rate? If not, what would he do instead to raise the necessary finances?

Mr. Osborne: I do not know whether the hon. Gentleman noticed, but one of the key changes in the Budget is that the tax will be implemented by a Labour Government before the general election. I make it very clear that I cannot make a pledge to reverse that—[HON. MEMBERS: "Ah."] No, I cannot make a pledge to reverse that. I do not claim that it is a great idea, but my priority is to avoid tax rises on the many, not tax rises on the few. By the way, Labour MPs had better get used to the phrase, "Labour's tax rises on the many, not Labour's tax rises on the few", because they will hear it a lot between now and the general election.

Mr. John Gummer (Suffolk, Coastal) (Con): Is my hon. Friend aware that the former Labour Minister, Lord Digby Jones, said today that the Budget gave him no hope whatever about the future of British exporters and the British economy, and that it was a Budget without any kind of vision? Is that not an interesting comment from somebody who was sitting on the Labour Benches only a few weeks ago?

Mr. Osborne: It is a telling comment from a person who was appointed just days after the Prime Minister became Prime Minister. No doubt the Secretary of State for Energy and Climate Change and his cronies, such as the Chief Secretary, plotted the appointment of Digby Jones for months. They thought it would be a brilliant appointment. I have to say that some Members, including me, were sceptical about whether he should really be Lord Digby Jones of Birmingham, but given how helpful he is being at the moment I think that he should indeed represent an entire city in the House of Lords.

Miss Julie Kirkbride (Bromsgrove) (Con): And Bromsgrove.

Mr. Osborne: Indeed. He can have a dukedom as far as I am concerned.

The national insurance tax rise, which we will hear much of between now and the election, is about the only real policy the Government have for the recovery: a tax on jobs at a time when we have the fastest rise in unemployment in our history. There was almost nothing in the Budget to help Britain move from an economy of borrow and spend to one where we save and invest.

The measures on unemployment were another cruel mirage on a day when we saw a record rise in unemployment.

Edward Miliband: Why?

Mr. Osborne: I am coming to why if the Secretary of State could be a little patient. Perhaps he can explain why the Chancellor did not tell anyone that the Budget assumption is that the claimant count will go up to 2.4 million, which would put the labour force survey figure well above 3 million. Why was that not in the Chancellor's statement to the House yesterday?

Mr. Bone: What would my hon. Friend say to my constituents who have seen a rise in unemployment of 67 per cent. under the Labour Government since 1997?

Mr. Osborne: I would advise them to continue returning my hon. Friend to Parliament. I remind the House that he was one of the first to draw attention to the impact of unemployment in individual constituencies as a result of Labour's recession.

The Chancellor made great play yesterday of his guarantee to everyone aged between 18 and 24 who claims jobseeker's allowance for more than a year that they will be given a work placement or work-related training. That was the big promise on unemployment. Well, we have done some research over the past 24 hours. What the Chancellor did not tell us is that, as of today, only 5,755 people are covered by that guarantee. I hope that it is good help to that 5,755, but there are 1.2 million young people aged between 18 and 24 who do not qualify. They are languishing; they are not in school, not in a job and not in training—a record number of NEETs under the Government.

We heard much of the green recovery that would be unleashed by the Budget—something that I know is very much on the mind of the Secretary of State; no doubt he thought all about it in advance and did the spinning. What happened? What about the electric car announcement? The battery ran out before it even made it to the Budget speech. Friends of the Earth said about yesterday:

"The Government has squandered a historic opportunity to kick-start a Green industrial revolution."

[Mr. George Osborne]

WWF says that

"what was announced is not the bold leadership we desperately need to secure a truly low-carbon future."

The leadership on that future, like the leadership on so many other big challenges facing Britain today, has to wait for a new Conservative Government. That lack of leadership is the legacy of a Prime Minister who has always been more interested in short-term political dividing lines than in any long-term vision for the country.

For years, the Prime Minister said that the choice was between Labour investment and Tory cuts; now, he has cut investment in schools and hospitals and given us £84 billion of Labour cuts, but he still lacks the courage to admit it or debate it. For years, he said that the choice was between the many versus the few; now, he is raising taxes on the many and the few, including a tax on jobs in a recovery. For years, he said that the choice was between Tory boom and bust and Labour prudence and stability, and now he has given us the prudence of the worst budget deficit in our history, the stability of the deepest recession since the second world war and the tragedy of the greatest boom turning to the biggest bust.

Eighteen months ago, the Prime Minister cancelled the general election—no doubt on the advice of the right hon. Gentleman the Secretary of State—and said that he wanted more time to set out his vision. That is what he said. Now we know, after yesterday's Budget, that there is no vision to set out, and the sooner we change our Government, the sooner we will get the change that our country so desperately needs.

1.41 pm

The Secretary of State for Energy and Climate Change (Edward Miliband): I am pleased to open this Budget debate with the shadow Chancellor. For one brief, shining moment during his speech, when he said that he would present a positive plan, I thought that he might do so, but we heard nothing positive—no plan for how to get out of recession, no plan for how to build for the future, no plan for fairness in this country. That is the truth about what he said. It was a highly predictable diatribe. He would have convinced more people with a more balanced speech.

The shadow Chancellor says, for example, that the downgrading of growth is a purely British problem, but the International Monetary Fund has forecast negative world growth for the first time since world war two. That shows the gravity of the situation that we are dealing with. He says that we are worse placed than others, but the IMF showed yesterday that we are faring better this year than Germany, Japan, Italy and the euro area. He says that our deficit—*[Interruption.]* I am coming to that. He says our deficit is worse than others', but the United States Congressional Budget Office says that the US deficit will be 13 per cent. this year. On the question of the deficit, we did pay off the debt during the years when the economy was growing—

Peter Luff (Mid-Worcestershire) (Con): Tory spending plans.

Edward Miliband: If the hon. Gentleman listens, he is welcome to intervene.

The national debt went down from 42 per cent. to 36 per cent., including the £22 billion of spectrum auction proceeds. It is also true—I make no bones about it—that we did choose to invest in schools and hospitals, which the Opposition opposed at every step; that we did choose to invest in public transport, housing and all the things that matter; that we did fix the roof when the sun was shining; and that, for example, as a result, tens of thousands of children are being taught in schools where that was done.

I shall discuss the future, because it is important, and the three questions that underlie the Budget debate. The parties have some big differences on those questions, which are worth highlighting. First, how do we get Britain out of recession as quickly as possible? That is what people want to know. Secondly, how do we build the economy of the future? Thirdly, how do we meet the challenges that we face, including those on the public finances, in a way that is fair to ordinary families? I know that the shadow Chancellor does not really want to do this, but let us try to engage with the substance of the argument, because on the question of how get Britain out of recession, we have an honest difference of view, which it is probably better to make plain.

Yesterday, my right hon. Friend the Chancellor announced a 0.5 per cent. fiscal easing this year. I assume the shadow Chancellor thinks that that is the wrong thing to do to help Britain out of recession; that the money to help tackle unemployment is the wrong thing to do; that the money for housing is the wrong thing to do—if he wants to intervene and say that it is the right thing to do, he is welcome to do so—and that the money for low-carbon measures which will help this year and next is the wrong thing to do. Perhaps he would like to tell us whether he supports such action. I should be happy to give way to him.

Mr. George Osborne: We support in a recession getting money to the front line from the waste that the Government have identified. They say that there is £15 billion of waste sloshing around Whitehall. If the right hon. Gentleman thinks that those schemes are so good, he should use the money from that waste and not add to the national debt.

Edward Miliband: I am not quite clear from that answer whether or not the hon. Gentleman supports the action. I suspect that he wants to have it both ways.

On how we get out of recession, however, there is a philosophical difference that is worth highlighting. The shadow Chancellor may not want to talk about it, but it is important that the country knows the difference. In a debate in the House last month, he was asked about his view on borrowing and on borrowing rising in a recession. He gave a very illuminating answer, saying that

"tax receipts fall off and welfare payments increase,"

and that, as a result—these were not his words—borrowing rises. He continued:

"Those are the fiscal stabilisers, and that provides a fiscal stimulus. That was a debate that was had in this country and many others over many decades since the 1930s."—[*Official Report*, 18 March 2009; Vol. 489, c. 932.]

There you have it, Mr. Deputy Speaker. The shadow Chancellor's view, even when interest rates are at 0.5 per cent. in this country, is that the limits of fiscal policy—this is a very important point—are to let the automatic

stabilisers work. On that point, however, he is pretty much alone: 19 of the 20 G20 countries have put more money into their economies; the Institute of Directors and the CBI support putting extra money into the economy; the managing director of the IMF supports it, too; and—*[Interruption.]* Opposition Members ask about the Governor of the Bank of England, but he also supported our fiscal measures—and our targeted action in the Budget.

The shadow Chancellor calls himself the moderniser in the Conservative party. I think he once said that we was not an über-moderniser, but he says that he is a moderniser. Interestingly, there is someone who I think is the shadow Chancellor's secret hero: President Obama is, I am sure, someone for whom the shadow Chancellor has great admiration. What did the President say in November 2008? I agree with what he said, and perhaps the hon. Gentleman will tell us whether he does, too. The President said that

"we have to do whatever it takes to get this economy moving again...we're gonna have to spend money now to stimulate the economy...short term, the most important thing is that we avoid a deepening recession".

I would be happy to give way to the shadow Chancellor, because he did not want to illuminate our differences of view. I am happy for him to come back on this point. I repeat, President Obama said that

"we're gonna have to spend money now to stimulate the economy".

He believes in fiscal expansion and targeted action. I wonder whether the shadow Chancellor will tell us whether he agrees. I am happy to give way.

Mr. Osborne: *indicated dissent.*

Edward Miliband: The hon. Gentleman does not want to intervene. It is not surprising.

Bob Russell (Colchester) (LD): Will the right hon. Gentleman give way?

Edward Miliband: I shall give way to the hon. Gentleman in a few minutes. He might answer on the shadow Chancellor's behalf.

It is not surprising that the shadow Chancellor does not want to intervene; he does not want to admit the central difference that the country must know about—that the recession would be deeper, longer and more painful if he were in charge of the economy. That is the truth that dare not speak its name in his speech.

Bob Russell: Will the Minister accept that, in the real world, after years of plenty and 12 years of a Labour Government, almost 4 million children still live in poverty, and that, thanks to the Government's 12 years of failure, the housing crisis for low-income people is the worst for a decade?

Edward Miliband: I think the hon. Gentleman overdoes it. A more balanced view would be welcome not just from the shadow Chancellor, but from him. We have made significant inroads into child poverty on the most testing definition of relative poverty. *[Interruption.]* Conservative Members shout from sedentary positions, but we all know the truth: child poverty would be far worse if they had their way and if they were in power. There would be no money to tackle child poverty or the housing situation. My right hon. Friend the Chancellor made money available for housing, and it is important that he was able to do that even at these difficult times.

The problem for the shadow Chancellor is not simply that he opposes fiscal action, wrong-headed and isolated though that makes him. Obviously, his policies would make the recession deeper, longer and more painful. His problem is also that he does not even follow his own strictures about the 1930s.

The Conservatives' policy on spending is interesting: their argument is that we should cut spending now. In January, the leader of the Conservative party was very clear when he said:

"let's say there's an election April this year...I'd immediately instruct my ministers to go into their departments and say instead of the increase of perhaps 2 per cent. real terms you're expecting, it's a 1 per cent. real terms increase".

I do not think that there is any doubt about what that means. It means cuts in spending. It means taking away money that has been promised to schools and hospitals.

Mr. Osborne: Will the right hon. Gentleman concede that, using his formulation, there are £84 billion of cuts off previously published Labour spending plans? Yes or no?

Edward Miliband: I am glad to have tempted the hon. Gentleman back to the Dispatch Box. Let me say to him very clearly that his party would take money away that has already been promised and cut the real-terms growth in spending. In contrast to his proposals, we are sticking to our spending plans up to 2010-11 and sticking to the money that we have promised for schools and hospitals. The big difference, although he wants to get away from it, is that he is doing something that is seen to be economically illiterate. He is saying that the time to cut spending is now, in the middle of a recession. Whatever he says, he knows that that is the case. I do not know why he boxed himself into that position.

Mr. Osborne: Let me ask the question again, because it is very important. The definition of cuts that the right hon. Gentleman used is money that comes off previously published spending plans. Will he now concede that that means that, on his definition, there are £84 billion-worth of cuts in the Budget and the pre-Budget report, because they have come off previously published Labour spending plans? Yes or no?

Edward Miliband: I do not concede that. I was making it quite clear that money has been promised in 2009-10 to hospitals, schools and others and has then been taken away. We have not got to the next spending review; we have not allocated the money in the next spending review.

Mr. Charles Walker (Broxbourne) (Con): I have a lot of time for the Secretary of State—[Hon. Members: "Why?"] Because he is a very nice and honourable chap. However, on 3 March, secondary schools in my constituency were told that they were going to get a certain sum of money to fund their sixth forms. Less than a month later—three days before the new financial year started—£40,000 was removed from each of those schools' sixth forms. Will the Secretary of State at least answer the concern that I am raising and please get someone to

[Mr. Charles Walker]

return that promised money to secondary schools in Broxbourne and around the country?

Edward Miliband: I have respect for the hon. Gentleman, too, but let me say to him that he certainly would not get any money from his party's Front Benchers. They want to cut money in the spending review. The Chancellor announced money for sixth forms yesterday, and I hope that it will help the hon. Gentleman's sixth forms.

Mr. Osborne: The Secretary of State said something pretty significant about future spending plans. During the Budget speech, the Chancellor announced from that Dispatch Box that current spending would grow by 0.7 per cent. from 2011 onwards. The Secretary of State for Energy and Climate Change now says that those spending plans are not valid because there might be a spending review before then. That is the basis of the question. He said that there was going to be a spending review and that we cannot take those figures as fixed. Given what has been promised by Labour, the right hon. Gentleman is now, in his terms, cutting those spending plans by £84 billion. He said that he wanted an honest debate, so why does he not have the honesty to admit that? Then we could debate how to deliver public services in a tight spending environment.

Edward Miliband: I was making a very simple point. The money has been allocated for the spending review up to 2010-11, because, as the hon. Gentleman knows, we have three-year spending plans. The Chancellor set out the figures for the future spending review. That is a very simple point. The hon. Gentleman wants to take away money that has already been promised.

Let me move on. The second test of the Budget is whether it prepares our industries and our economy for the future. Contrary to what the shadow Chancellor said, significant announcements were made yesterday by my right hon. Friend the Chancellor. Not only were there the first legally binding carbon budgets, which provide a certain framework for industry, but we heard announcements on renewable energy, carbon capture and storage and a range of other things.

Earlier today, I made a statement about carbon capture and storage and the role that it can play for Britain, offering a huge industrial opportunity for this country and thousands of jobs. I am sure that the hon. Gentleman has good intentions, but what he has said reflects a difference of view about the role of the Government. We think that it is right to support the emerging industries of the future and that there is a role for public spending as we do that. However, I do not think that that is in the Conservatives' philosophy. I do not think that the shadow Chancellor really believes in it. I think that he believes that markets will take care of it.

Joan Walley (Stoke-on-Trent, North) (Lab): My right hon. Friend is bringing us to the details of what is in the Budget report. The question is how we deal with energy efficiency and all the other aspects. Does he agree that the announcement to increase the money for the Warm Front scheme will do an amazing amount for households with vulnerable people? That is exactly the type of public expenditure that will help to deliver the decent homes standard, and it will be widely welcomed across the country.

Edward Miliband: I agree—my hon. Friend is absolutely right. The priority that the Chancellor gave to those measures in a difficult Budget, where there was not much money to spend, is important. That is true of Warm Front, carbon capture and storage and a whole range of other matters.

The shadow Chancellor quoted certain organisations that have expressed disappointment, but I sense a real understanding that significant progress has been made in this Budget, not only on carbon capture and storage but on a range of issues. I think not only of the additional support for offshore wind technology, but of the support from the European Investment Bank, which will get the renewables industry moving. Those measures are very important, just as grid access is.

Mr. Mike Weir (Angus) (SNP): Before the right hon. Gentleman moves on, I should say that the two Front Benchers have had a totally artificial argument about cuts this afternoon. The truth is that both of them are cutting. Although the Secretary of State says that there are no cuts, £1 billion is coming off the Scottish budget over the next two years, and similar things are happening in Wales and Northern Ireland. That has been said by the First Ministers of the two devolved Administrations. Is it not a fact that the right hon. Gentleman's Government are cutting just as the Conservatives did, and that the sooner Scotland gets out of the Union, the better?

Edward Miliband: If anything, the financial crisis has shown that the Scottish National party's view about independence is completely wrong-headed. The strength that the United Kingdom gives to all of its parts is important. Furthermore, I do not accept what the hon. Gentleman said about the fiscal numbers and the impact on Scotland.

Adam Price (Carmarthen, East and Dinefwr) (PC): The right hon. Gentleman has dismissed the SNP Government, but what does he say to comments made by the First Minister of the Welsh Assembly yesterday? He admitted that the announcements in the pre-Budget report and the Budget would mean £416 million of cuts from the Welsh Assembly Government budget for the following financial year. The First Minister said that he could not give any commitment that that would not result in cuts in public services in Wales. Is the Labour First Minister in Wales wrong as well?

Edward Miliband: Those are efficiency savings. I do not accept the notion that they are the cuts in spending that the hon. Gentleman suggests.

I was explaining the investments that we are making in green industry and the £400 million of funding for that. It is clear that we understand the role of Government in supporting these industries of the future; I do not believe that the Conservatives do.

Let me turn to the third question, on which, again, the shadow Chancellor did not want to focus—how we face the challenges, including on the public finances, in a way that is fair. We have set out some pretty clear objectives on efficiency savings and plans of how we

can get those savings—[Hon. Members: "How?"] Five reports were published on Tuesday about precisely what needs to be done. Again, there is a difference of philosophy that the shadow Chancellor probably will not want to talk about. He now says that he accepts the higher top rate of income tax, but he did not mention his uncosted proposals on inheritance tax, which are still out there and have, I think, been reaffirmed. This is an interesting point, given that we are in the middle of a time when resources are scarce. The shadow Chancellor made his promise in 2007; he now has an opportunity to move off it. Indeed, the shadow shadow Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke), gave him a heaven-sent opportunity to do so when he said:

"I don't think we're going around any longer saying this is something we're going to do the moment we take power".

Just to be clear about the proposal on inheritance tax, it represents an extra £200,000 each for the richest 3,000 estates in the country—£600 million. What is extraordinary about the shadow Chancellor's judgment and priorities is that at this moment, of all moments, he continues to think that that would be a good way to spend resources. He says that there will be posters around the country. I can tell him that there will be posters all round the country talking about his commitment on inheritance tax—people all round the country will know that his priority is a tax cut for millionaires. If he wants to challenge the idea that it is a tax cut for millionaires, he is welcome to do so, but the figures are—

Mr. Osborne: So that we are fully in command of the facts, will the Secretary of State confirm that the Labour Government cut inheritance tax from the beginning of this tax year?

Edward Miliband: Yes, of course I will, but that was to reflect the particular position of couples. Again, I invite the shadow Chancellor to intervene to confirm that he wants to spend well over £1 billion on inheritance tax.

Mr. Osborne *indicated dissent.*

Edward Miliband: The hon. Gentleman shakes his head—is he denying it? Oh, so it is his policy. He does not really want to talk about that policy. The shadow shadow Chancellor gave him the opportunity to dump it, but what did he do? He pushed the right hon. and learned Gentleman to issue a statement saying that actually he got it completely wrong and that that was the priority at this stage of the recession. The shadow Chancellor rolls his eyes from a sedentary position, but it is a fair question to ask: does he really think that spending some £600 million on the richest estates in the country, on millionaires, is the right priority at the moment? *[Interruption.]* He is talking from a sedentary position; I am happy for him to intervene to say that he thinks that spending that £600 million, given all the competing pressures on public spending and tax, is the right thing to do. He has suddenly gone a bit coy. I do not think that he really wants to say that it is the right priority.

Angela Browning (Tiverton and Honiton) (Con) *rose—*

Edward Miliband: Perhaps the hon. Lady would like to answer for the shadow Chancellor.

Angela Browning: How much has the tax take to the Treasury declined since the Labour Government introduced their inheritance tax proposals in a mad panic because we had introduced ours? It is in the Red Book; perhaps the Secretary of State would like to give us some figures.

Edward Miliband: Funnily enough, I do not know the figures off the top of my head. What I do know, however, is that there is a big difference in priorities. At this most difficult economic time, the shadow Chancellor thinks that the right priority is more inheritance tax cuts for millionaires. If he wants to abandon the policy at the Dispatch Box, I am sure that many people, including some on his own side of the House who are probably more sensible, would think that was the right thing to do. I give him that chance: he can now say that it is an aspiration rather than a firm pledge. Funnily enough, he does not want to do so.

Let me move on to the hon. Gentleman's other tax priorities. I think that the Conservatives are still committed to a married couples allowance—presumably another uncosted commitment that they have no clue how they would fund. We are very clear about our priority: we think that the right way to support families in the tax system is to support children, and that is what we are doing.

Mr. Osborne: Will the right hon. Gentleman confirm that his changes, or cuts, to inheritance tax introduced a recognition of marriage into the tax system?

Edward Miliband: No, it was correcting an anomaly in the tax system regarding the position of married couples compared with other couples. That is the explanation. If the hon. Gentleman wants to abandon his married couples allowance today, I am happy for him to do so. I think that it is right to support children through the child tax credit.

The other problem for the shadow Chancellor arises from his proposals on tax credits, which have not got much attention. He says that he wants to cut the number of people who get tax credits. When he was on the "Today" programme a few weeks ago, having trouble finding what areas he would cut, he said:

"We raised the question, for example, of whether in-work benefits, tax credits, should go to people on incomes of over £50,000."

Presumably, he wants to cut tax credits for those people.

Mr. Walker *rose—*

Edward Miliband: I will give way in a moment, but this is a Conservative policy to which I should like wider attention to be given, as it is significant. Not only is the shadow Chancellor going to go into the election saying that he would take money away from people, but to cut the level of tax credits he would either have to cut the overall rate, which would affect everyone, or raise the taper in the tax credit, which would worsen work incentives. Those are the two ways in which he could take money away from people through tax credits. That is another policy that he was hoping not to talk about.

[Edward Miliband]

We have a completely different set of priorities. Although the shadow Chancellor claims a modernising face, the truth is that on inheritance tax, on the married couples allowance and on tax credits, he does not present a modernising face at all.

Mr. Walker: Could the Secretary of State tell the House how many billions of pounds in tax credits have been overpaid in the past five years, how much of that overpayment has been recovered, and how many billions have been lost as a result of overpayment?

Edward Miliband: That says it all, really. There were overpayments in the tax credits system. Some of that is to do with the design of the system, in that it is a flexible system that responds to people's circumstances. As a result, as my right hon. Friend the Chancellor said yesterday, hundreds of thousands of people have seen their hours reduced and their income go up by up to £35 a week. That would not have happened if we had followed the advice of the Conservatives, or if the system had not been designed as it is. We know what their hidden agenda is—it is to cut tax credits, and that is what they would do if they were in government.

Mr. Weir *rose—*

Edward Miliband: I have already given way to the hon. Gentleman.

The Conservatives were not supporters of the tax credits system in the first place—they thought it was a bad idea. They do not want to have the courage of their convictions and say that they would abolish it, but that is the reality.

The truth about this Budget is that we have shown that we have a plan to get our economy out of recession—unlike the Conservatives. We have a plan to build our economy for the future—unlike the Conservatives. In addition, we are the people who will—to use the words that the shadow Chancellor claims that he wants to use but will not be able to—stand up for the many, not the few. That is why this was the right Budget for Britain. We know that the Conservatives have no plan to get our economy out of recession if they are ever in power. We know that they have no plan for the future. We know that what they offer is tax cuts for the few and spending cuts for the many. That is why the House should vote for this Budget next week.

2.10 pm

Martin Horwood (Cheltenham) (LD): This Budget, like the previous one, was widely hyped as a green Budget. The Secretary of State himself, who knows that I give him credit when it is due, last week told *The Independent on Sunday* that it would represent a

"massive greening of the Government."

If green words, green targets and green titles were enough, that would have been true, and perhaps he could have taken the credit. But they are not, it is not, and on this occasion I am afraid he cannot.

The background could not be more serious. Despite the scepticism still being expressed from the Conservative Benches today, the intergovernmental panel on climate change's 2007 assessment painted a deeply worrying picture, stating that any more than 2° of global warming would usher in higher and higher risks of massive species extinctions, droughts affecting billions of people, a loss of food production and increases in deaths from diseases and the physical risks of heatwaves, droughts and floods.

Yet as we warned from these Benches at the time, even the IPCC is an inherently conservative, consensual body with a built-in time lag in its use of data. The latest data suggest that ice sheets in Antarctica and Greenland might be melting faster than predicted by the IPCC, and the same appears to be true of mountain glaciers. Sea levels will therefore rise faster than expected, making floods and storm surges much more dangerous and threatening the homes and lives of millions in coastal communities worldwide. The latest data on Arctic sea ice show its likely summer disappearance in just a couple of years' time. The IPCC predicted that that might happen by the end of 21st century. Some 80 years earlier than expected, the summer Arctic ocean will turn into a dark, heat-absorbing sea and accelerate the melting of permafrost on nearby continents. The latest data on that show that it will in turn release far more methane and carbon dioxide into the atmosphere than previously thought.

More such possible feedback mechanisms are being revealed in study after study. The clear risk is now of global warming of not 2° but 3° or 4° above pre-industrial levels, with almost unimaginable consequences for human civilisation. In theory, we could one day have to evacuate large parts of Africa, Asia, America and the Mediterranean region, which would probably become uninhabitable. Realistically, we would face social and political upheaval, conflict and economic collapse on a scale that would make the current global downturn look like a vicarage tea party. My children, Maya and Sam, are seven and nearly five, and that is not the world in which I want them to live their lives.

The December report of the Committee on Climate Change rightly set out the challenge, stating:

"To contain that threat, the world needs to cut emissions by about 50 per cent. by 2050, and to start cutting emissions now. A global agreement to take action is vital. But a global agreement will not be possible unless the countries of the rich, developed world provide leadership."

We might feel a little less rich than we did two days ago, but we still cannot put that off. We have just seven months to demonstrate that leadership before the critical Copenhagen summit. We need to show continued commitment to decarbonising our economy so that we have some chance of convincing developing countries that we believe in convergence around what the Committee on Climate Change called a "sustainable global average" of per capita emissions, and that we believe that sustainability is compatible with a high quality of life. Of course, we have to show leadership so that we can persuade our fellow economies in the richer world to play ball too. In Kyoto, remember, we allowed a global deal to be watered down for American and Australian Governments who then failed to deliver ratification. Times and people have changed, but initial pronouncements by Mr. Obama's climate change envoy, Todd Stern, that the reduction targets agreed in Bali are just "not going to happen" are pretty depressing.

The Secretary of State will claim that green measures in this Budget, the carbon budgets announced yesterday and the carbon capture and storage announcement that he has just made demonstrate the necessary levels of

leadership. However, this is the Government of Gordon "Read the small print" Brown. Their environmental record so far is, to quote the same newspaper article that quoted the Secretary of State, "mainly hot air." In just four years, we have all been able to contribute to a grand total of 91 different consultations relating to sustainable energy in one way or another, yet the proportion of taxation derived from behaviour-changing green taxes is actually falling. Green measures formed only 6 or 7 per cent. of the Government's supposedly world-beating stimulus package, and one study suggests that that package overall could well help to push carbon emissions up, not down.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): May I clarify one point? I assume that the hon. Gentleman's party will support an increase in fuel duty as part of the move towards green taxation.

Martin Horwood: I am grateful for the opportunity to clarify that, ideally, we would abolish fuel duty, and we have suggested a number of fairer ways of taxing motorists. One of the most innovative is a showroom tax, which would place a much higher duty on the most polluting brand new vehicles, so that I am afraid those hon. Members who want to spend their increased salaries next week on Porsche Cayennes would face a much higher bill. That is our approach to that taxation—we need a much fairer system.

Mr. Bone: I am sorry to interrupt the hon. Gentleman's well thought out speech. The Government say that the car scrappage scheme is a green measure, but surely so much carbon dioxide is used in the production of a new car that it is actually an anti-green measure.

Martin Horwood: The hon. Gentleman makes a valuable point. If it ends up stimulating the more frequent purchase of new vehicles, it could well contribute to carbon emissions. Once again, it may be more of a prop to the car industry than a genuinely well thought out green measure. Perhaps more research and analysis needs to be done on that.

As I said, the Government's record has been said to be "mainly hot air", and some of their practical programmes sound a lot like some of the economic stimulus programmes. The four-year-old marine renewables deployment fund has yet to part with a single penny. The low carbon buildings programme has taken household grants for renewable energy to a five-year low. As we heard in questions earlier today, the office for renewable energy deployment has not been set up as such. The implementation of the carbon reduction commitment is threatening to close on-site renewable energy at companies such as BT. The Government's first attempt at a carbon capture and storage competition did close carbon capture and storage projects, and the National Audit Office has recently concluded that Britain's participation in future phases of the EU emissions trading scheme might result in hardly any reduction in real UK carbon emissions.

To give him his due, the Secretary of State made a string of important concessions when he took office last year, from the 80 per cent. target for greenhouse gas reduction to the Climate Change Act 2008 and to the promised introduction of feed-in tariffs for renewable energy in the Energy Act 2008, but even those were relatively easy to concede in the short term, just like the Government's stimulus package, because they are putting off all the really tough decisions.

For years, Ministers cheerfully claimed to be on target to meet their Kyoto greenhouse gas reduction targets, despite knowing full well that they had been met years previously because of the so-called dash for gas in the power industry. That was made quite clear in Sir Nicholas Stern's report to the Government. With a cool economist's eye, Stern also pointed to another successful example of carbon reduction in a major economy—Russia's reductions in the 1990s, achieved through the spectacular collapse of its economy. Come to think of it, perhaps that was the bit of the Stern report that the Prime Minister did read. Let us hope that neither he nor the Secretary of State attempts to make similar claims in future that the inevitable fall in greenhouse gases that will result from recession are anything to be proud of. Instead, we should be wary of the false message that those possible reductions could send. They could mask a dirty but rather shrivelled economy that will be just as dirty or even dirtier when it reflates. If we have started to build a third runway at Heathrow and an unabated coal-fired power station at Kingsnorth in the meantime, that outcome seems pretty likely.

If the Department for Communities and Local Government ignores the Campaign to Protect Rural England, Friends of the Earth, the Environmental Audit Committee and tens of thousands of public objections to its regional spatial strategies—up to 35,000 in my own south-west region alone—it will wake up to see any revival in house building taking place first all over an area of England's green belt the size of Birmingham. Much of that will be prime local, food-producing agricultural land, while a million properties lie empty elsewhere.

The regional spatial strategies assume an annual year-on-year growth forecast of 3.2 per cent.—that is plus 3.2 per cent., a fantasy assumption that makes even the Chancellor's growth forecast for the economy as a whole look pessimistic. Incidentally, the Government's reply to the Environmental Audit Committee's call for the suspension of regional spatial strategies on environmental grounds was due in January, but I understand that the Committee is still waiting for a reply. Perhaps the Secretary of State will lend the Minister with responsibility for communities a hand.

Even if his Department does not have that much clout across Government, thank goodness this Secretary of State is at least listening to the Committee on Climate Change. The committee has provided clear advice that we should commit to a greenhouse gas budget that represents a 34 per cent. reduction by 2020, which may give us a chance of challenging other policies. We obviously welcome the Government's acceptance of that target, even if it is comparable to the Chancellor's decision not to cut pensioners' winter fuel allowances or the decision not to beat one's mother—correct, obviously, but anything else would be unthinkable. Let us make it clear that 34 per cent. is the minimum interim target recommended by the committee, assuming no ambitious global deal is struck in Copenhagen.

Liberal Democrat Members also welcome the committee's recommendation of a tougher 42 per cent. reduction target, which is compatible with an EU-wide

[Martin Horwood]

cut of 30 per cent. by 2020. I would be interested to hear why the Government have not agreed to that recommendation. I realise that the global deal has not yet been struck, but the Climate Change Committee and the EU have made working assumptions and set intended targets, so why are the Government not doing likewise? Whatever the carbon budget, the test is whether we produce the policies and actions to deliver it.

Mr. Bone: I am listening carefully to the hon. Gentleman's well-crafted speech. Does he support the Government's decision, which is listed on page 173 of the Red Book, to remove the biofuel duty differential, which will increase the cost to people who use biofuels—I declare an interest, because my car is powered by biofuel? Some £1 billion will be raised from people who are trying to save the environment.

Martin Horwood: I had not spotted that item, and I am grateful to the hon. Gentleman for drawing it to my attention. There are, of course, many bear traps in the area of biofuels. Unless we implement sustainability criteria, we could contribute to global warming rather than prevent it.

The Climate Change Committee says that aviation must face an appropriate cost for carbon to provide an incentive for supply-side abatement and demand constraint. The background to the third runway decision was a fiddled version of the shadow price of carbon, which deviated from Sir Nicholas Stern's proposed formula and, specifically, his discount rate. Perhaps the Secretary of State should seek the committee's advice on the appropriate cost of carbon and how exactly one can constrain demand for aviation while building extra runways at our biggest airports.

On carbon capture and storage, we heard the Chancellor's statement yesterday and have heard and read the Secretary of State's announcements and documents today. The announcements sound great—a bigger, better competition and an apparent commitment to all coal-fired power stations being 100 per cent. retrofitted with carbon capture and storage by 2025, but the vital escape clause is that it is

"subject to the technology being ready".

If it is not ready, the unabated power station will not be shut down and will continue to belch out far more greenhouse gases than any available alternative. In the accompanying document, much is made of carbon capture-readiness. A friend once told me that carbon capture-ready is a bit like paving one's front garden and declaring it Ferrari-ready—aspirational, but no real guarantee of success. How right she was.

Lord Smith, chairman of the Environment Agency, the Government's own environmental advisers, was also right. The agency rejected the idea of building coal-fired power stations that can be fitted with CCS technology later, claiming that it would be

"insufficient for the climate change challenge that we face".

There are some other genuinely welcome steps in the Budget, of which the extra incentive to offshore wind energy through increased renewables obligation certificates is one, but there are also some strange steps in completely the wrong direction. Was the push to exploit new oil and gas reserves the Secretary of State's idea, or has big oil been talking to the Secretary of State for Business, Enterprise and Regulatory Reform? Does the Secretary of State for Business, Enterprise and Regulatory Reform carry more clout with No. 10 and the Treasury than the Secretary of State who is here today? I suspect that he might. It all sounds a bit more Bush than Obama.

A great deal was missing from the rest of the Budget, such as an admission that the Government have got some things plain wrong. For example, it is absolutely irresponsible to waste £1 billion a month on a VAT cut that hardly anyone has noticed. The Budget also lacks any serious measures to help us adapt to climate change. I notice in the detail, because it affects my constituency in particular, that the £800 million flood budget is being supplemented by a £20 million increase, although the increase will be brought forward only from next year, when there will presumably be a compensating cut. The Budget does not include a scheme to compensate those communities located in counties such as Norfolk that face much faster than expected coastal erosion, perhaps in large part due to the action of climate change.

Landfill tax keeps increasing, placing a burden on local authorities, which might be acceptable if there were corresponding help for some of the programmes that have been cut drastically in recent years, such as the national industrial symbiosis programme, the waste recycling action programme, Envirowise, the Carbon Trust, the Energy Saving Trust and the small and much neglected Partnerships for Renewables. The latter was set up to help public sector bodies deliver renewable energy locally at no cost to them. The scheme is exciting and innovative, but it has had precious little support so far.

Mark Lazarowicz: The hon. Gentleman is, like me, a member of the Environmental Audit Committee, which proposed an increase in landfill tax, but he seems to be suggesting that landfill tax should not be increased. Will he clarify Liberal Democrat policy on that issue, too?

Martin Horwood: The hon. Gentleman is, of course, correct. I am happy to clarify the policy. I am not saying that we should not increase landfill tax, but if we place such burdens on local authorities, we must give them the corresponding support to develop recycling; otherwise the result will be exactly what we face in Gloucestershire, where the Conservative-controlled county council is pursuing incineration, which will contribute toxic fly ash to the waste disposal site at Wingmore Farm near my constituency. We do not want to force local authorities in that direction. I do not necessarily disagree with an increase in landfill, but we must have compensating support for local authorities to enable them to meet that in an environmentally responsible way.

Where is the investment in railways? Last year, the Office of Rail Regulation turned down millions of pounds of railway schemes. One of the schemes would have been built near Doncaster, and the Swindon to Kemble line would have improved railway services to the whole of Gloucestershire and helped reliability for the whole network in the west country. In our "Green Road out of the Recession", we suggested as an alternative to the £12.5 billion VAT cut that the money might have been better spent delivering almost the entire list of projects turned down by the Office of Rail Regulation

for lack of funds. That would have provided not only a fantastic short-term stimulus, but support for business and local economies, which would have been a long-term investment in this country's future. It could have been extended to include high-speed rail to Scotland or Wales and the west country. There could have been more investment in innovative ideas such as ultra-light rail, which would work in not only urban areas, but mixed urban, rural and suburban areas such as Gloucestershire. Instead, we have had the very hyped announcements on electric cars—a very new Labour idea. The Liberal Democrats suggested years ago that the EU might be crucial in directing the whole of the new-car market towards electric and zero-carbon vehicles. However, we also said that a short-term investment in the railways would do much more to reduce CO_2 than would subsidies to the car industry for vehicles that, although more efficient, would still run on fossil-fuel powered electricity for years to come.

Where was the investment in housing? The Chancellor announced a few hundreds of millions of pounds for energy efficiency in housing, but if we had not been wasting money on cutting VAT we could have invested billions in providing energy efficiency and insulation for a million homes for some of the least well-off families in the country. We could also have subsidised investment in energy efficiency for a million more.

While the Liberal Democrats and the Government argue about how the money for stimulus measures should be spent, at least we agree that there had to be stimulus measures. The Conservative party could not pay for any of the green stimulus that we propose, because it would not have had any sort of stimulus package. Perhaps its interest in the environment is waning anyway, as it is unashamedly pro-nuclear and pro-incineration, and many of the interesting proposals from its quality of life policy group never made it into party policy.

There is, however, a bigger picture. Do we need to look more fundamentally at how we measure the quality of our economy and society? The hon. Member for Brent, North (Barry Gardiner) made a speech yesterday that might not have been widely noticed but which I consider to be very important. In it, he said:

> "What if today's financial crisis were something more fundamental than merely a serious and deep recession? What if 14 September 2008—the date on which Lehman Brothers was allowed to go belly up—represented the point at which the whole architecture of a consumption-led, growth-based economy collapsed? Perhaps this crisis is telling us that a system predicated on limitless growth must inevitably hit boundaries—boundaries that are not only economic, but ecological."—[*Official Report*, 22 April 2009; Vol. 491, c. 298.]

It has been a Liberal party and Liberal Democrat theme for many years that the environment contains the economy, and not the other way around. Will recovery without clear environmental performance indicators and the recognition of constraints on well-being lead us straight back to the obsessive boom-and-bust model perfected by the Conservative party and executed with rash panache by the Labour Government over the past decade? We need a new model of sustainable prosperity that allows us to meet people's aspirations for a decent quality of life, decent homes and a clean environment in a truly sustainable way.

2.32 pm

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Madam Deputy Speaker, may I begin by offering an apology to the House? I have a long-standing appointment at 3 o'clock, and I intend no discourtesy either to you or to hon. Members who speak after me if I have to leave at that time. However, I shall of course return to the debate in due course.

I shall not deal too much with the bigger picture of the Budget: instead, I want to focus on some of the particulars. My right hon. Friend the Secretary of State for Energy and Climate Change amply illustrated the clear divide between the two sides of the House. We on the Labour Benches are looking to target measures to help the economy in general, firms and individuals through what is clearly going to be a very difficult time in the next few years. The Opposition offer no hope at all, only totally inappropriate cuts.

I have the honour of representing in this House a constituency in the city of Sheffield, where life is becoming difficult for many individuals and companies. However, it is interesting to note that the success of our local economy during the period of Labour Government has meant that, although unemployment is starting to rise in Sheffield, that is not happening as quickly as it is nationally. That is completely different from the city's experience in the 1980s, when our economy was based very largely on steel and engineering. The collapse of those industries had a devastating and dramatic effect, but we now have a much more diversified economy, with a range of different industries. They include education and health provision in the public sector, as well as firms in the high-tech, financial and leisure-related sectors. That diversity certainly holds us in better stead to come through what nevertheless will clearly be a difficult period.

Mr. Graham Stuart (Beverley and Holderness) (Con): I am glad to hear that unemployment is not rising in Sheffield as quickly as it is elsewhere. We in the East Riding of Yorkshire also have a diversified economy, yet we have seen a doubling of unemployment in the past two years. My constituents are suffering from what is the fastest rise in unemployment in the region since the second world war.

Mr. Betts: Of course, the rate at which unemployment is rising depends on the base from which it starts. I can comment with particular knowledge about my city of Sheffield, and that is what I will do. As I have pointed out, we certainly benefited from the period of a Labour Government and their actions.

Despite the fact that we will have problems—people in Sheffield will lose their jobs and we should recognise the individual trauma that that causes them and their families—many companies are nevertheless doing well, and we should not forget about them. Nor should we forget about the Advanced manufacturing park, which is located just in Rotherham but works with the university of Sheffield. Through that partnership we are now working to redress a long-term British problem, which is that we do well in research and invention, but not so very well in innovating and extending that research and invention into products. That is what the Advanced manufacturing park is all about, and its work with Boeing and a number of other high-tech companies will spin off into jobs for the future.

[Mr. Betts]

Then there are companies such as Forgemasters, which had an appalling experience with the floods last year. However, Forgemasters took on 40 new apprentices only a few months ago and has order books for the future. The company is now looking for serious investment and exports most of its products throughout the world. Forgemasters will be a key player in the development of our nuclear industry, because it has the capacity to produce some of the most important parts for nuclear plants.

The other day I went to a firm on the edge of my constituency, just in the constituency of my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), called Davy Markham, which is also a success story. A management buy-out of a firm in difficulties a few years ago, Davy Markham now has an order book for months ahead and is exporting most of its work. The managing director said to me, "I can take on any skilled machinist who walks through the door, because we are successful and producing products that are needed." Davy Markham makes massive machining products for turbines and other parts. That is a niche market, but the company is a success story.

However, we should also learn the lessons for those companies from what happened in the past. One of the problems for those firms is the legacy of the lack of training for so many years after the recessions of the 1980s, the effects of which still lingers today. We took away a swathe of skilled operatives and did not train any more. Therefore, firms such as Davy Markham are still suffering today from a shortage of experienced, skilled operatives, even though they run their own training schemes. We must ensure that the recession of the day does not leave for the future the sorts of legacies that we suffered from after the recessions of the 1980s. I therefore welcome the help being given to businesses through capital allowances, the deferment of business rates and the strategic investment fund. All are important to ensure that our successful high-tech firms with export markets are sustained for the future, and helped and encouraged to train the people who will be needed when the recovery comes.

I also welcome the measures taken on the environment. Those on carbon capture, offshore wind farms and combined heat and power are all important moves to sustain those industries and ensure that we fulfil our international climate change commitments. I also hope that some of the measures that we have taken to support industry will help to sustain and develop firms in the green transport sector, which is something that I am particularly keen on. Indeed, I have two ministerial meetings arranged with two companies in my constituency that have some very interesting proposals.

One of those companies is called ITM and is developing ways of producing hydrogen much more cheaply than has been possible in the past. The firm has developed a refrigerator-sized unit for domestic properties that can produce hydrogen that people can then put into their cars. That is an interesting development, because it means that we do not need a great network of sites throughout the country; rather, people can use the unit in their own homes. The unit may not yet be commercially viable, but the research, the invention and the innovation are there, and it is absolutely fascinating.

The Government are looking at help for electric cars, but if we are to help to develop green transport in the future, hydrogen-powered cars will probably be a much more exciting and relevant possibility. When Jeremy Clarkson can welcome an environmentally friendly car as a real possibility on "Top Gear", we are perhaps making real progress. If we can produce an environmentally friendly car that people still enjoy driving, that must make success in tackling climate change a real possibility. I hope that we will consider helping firms such as ITM and seeing how they can be encouraged and helped to produce products that will be important for our economy and our export potential for many years ahead, if we can become a world leader in producing them.

In its ideas for the production of hydrogen, ITM is looking to link in with offshore wind farms, which will certainly be an important source of energy in the future, although they produce energy simply when the wind blows, which is not always when that energy is needed. ITM is looking at the possibility of turning the energy produced by offshore wind farms into hydrogen, storing it under the North sea and using the pipelines from the North sea as a means of bringing it onshore. It is a concept at this stage; it is an idea, but it is exciting and interesting and, again, something in which we have the potential to become a world leader. I hope that firms that have such ideas will be assisted so that those ideas are implemented in this country as a first.

I also intend to have Transport Ministers meet with another firm in my constituency called Magtec. It is developing an interesting electromagnetic motor that can be attached to a conventional heavy goods vehicle or bus. The firm believes that it has the technology, and it works; there are buses running around in Denver in the United States with the original form of the technology on them. It says that it can achieve a 40 per cent. fuel saving on an HGV or a bus. It is a practical proposal. The technology is there; it works. The firm just needs to convince some of the bus manufacturers that its product is the one that ought to be used and developed.

Magtec has just taken on four more skilled engineers and technicians to help it with this work. It is a small company, but again it is looking to grow, even in the current difficult circumstances. Such companies are growing in precisely the industries that we ought to be encouraging and assisting. I hope that they can have access to some of the measures in the Budget to help them through what is obviously not an easy time for any company.

The hon. Member for Cheltenham (Martin Horwood) referred to rail. I certainly support rail transport, and I hope that, whatever problems we have with future Government finances, we will maintain our commitment to invest in rail, especially where it can lead people to stop using internal air transport and where we can switch from diesel to electrified rail systems. I have a constituency interest in two particular issues. I know that a working party that includes Transport Ministers is looking at the potential electrification of the Midland main line. That certainly would be welcomed in Nottingham, Derby, Sheffield and many other places. On the line north of Bedford, we hope for an early announcement and a commitment that the scheme will go ahead.

In the slightly longer term, we are looking for strategic decisions on the high-speed rail network. I raised that issue with the Transport Secretary in questions a short

time ago. I argue strongly that, as well as a line to Birmingham, we can take a line off from Rugby—the old Great Central line—and run it through between Nottingham and Derby up between Sheffield and Rotherham and on to Leeds. There is no reason why we should think simply about one line. A line to Leeds via Nottingham and Derby and Sheffield and another line going up to Manchester seems to provide an entirely sensible system if we then have a proper link through the Woodhead tunnel linking the west of the country with the east. The possibilities for rail are real, and I hope that the Government remain committed to them, because their development would be good for British industry, for the travelling public and for the environment.

I welcome the extra money for the Warm Front programme, but tenants who live in social housing are still at a disadvantage because the work permitted under that programme is available to owner-occupiers and private tenants on particular benefits, but not to social housing tenants. It is not just a matter of insulation—often houses in the social housing sector are well insulated—but often a problem with old and antiquated boilers. If social housing tenants had assistance through the Warm Front programme, we could do an awful lot to make their homes more energy efficient and save those tenants money.

It is absolutely right that the Government are targeting help on unemployed young people and the long-term unemployed. Again, I go back to the 1980s in Sheffield. We are still suffering today from the problems caused when the breadwinner of families became unemployed in the 1980s, never got back into work and invalidity benefits were seen as a substitute for jobs. As a result, one generation after another has remained unemployed. We have to recognise that long-term unemployment is a major social problem as well as an economic one, and we must ensure that we focus on those people. It is often easy to forget about them. With more people becoming unemployed, those who have been unemployed the longest and who perhaps have the fewest skills are often forgotten about altogether because they are the hardest to deal with. We must not let that happen now.

When people lose their jobs, it is also important to ensure that they do not lose their homes as well. The Government have already taken steps to ensure that people who end up on income support get help with their mortgage payments after three months, rather than nine months. That was a good step, as is the home owners mortgage support scheme that was announced this week. That scheme will be important, because it is not usually the whole family that goes on to income support. Instead, one family member might become unemployed or go on to short-time working, but the family as a whole relies on both people working full time to support the mortgage. That is why our support for home owners needs to become more flexible in enabling them to keep their homes. When one member of a family becomes unemployed, the family as a whole does not get income support, and it is going to struggle to pay the mortgage. The home owners mortgage support scheme therefore represents an excellent step forward.

In questions earlier this week, I raised the issue of private tenants with the Housing Minister. More people are going to get into difficulty when the owner of a property—sometimes on a buy-to-let mortgage, but sometimes not—defaults on their mortgage, and the private tenants, who have paid their rent and done nothing wrong, suddenly find that their home is at risk. I know that the Government have an agreement to extend the period of notice involved, and I have some sympathy with the mortgage lenders in this regard. When they offer a buy-to-let mortgage, it is clear to them that tenants will be in the property. Unfortunately, however, some home owners with an ordinary mortgage subsequently let their property without telling the lender, which can lead to real difficulties. We have to take that issue on board, and I was pleased that the Housing Minister recognised that that problem still exists and that the Government need to introduce further measures.

I also welcome the help for building more homes, for buying up empty houses, including those on sites where private developers have not been able to sell, and for encouraging local authorities to begin building programmes. We must think about the longer-term issues as well, however. The Government have set a target for 40,000 units of social rented housing to be built each year, but that target is unlikely to be hit, even with this extra help, for the simple reason that section 106 agreements are no longer coming to fruition because the private schemes that would have delivered them are not being built.

Also, housing associations are in difficulties because most of them rely on a mix of funding for their schemes. They get some money from the social housing grant and some from building houses for sale on the same site as their rental properties, which involves cross-subsidising. As there is now greater uncertainty about whether those houses will be sold, the housing associations cannot get private finance and many of their schemes are simply not happening.

There is therefore going to be a real problem hitting the 40,000 target, even with these extra measures. If there is to be any chance of moving forward on building social housing for rent at the moment, the Government must make it absolutely clear that they will provide the money to local authorities that are prepared to provide their land for free in order to make these schemes happen. There is a challenge for local authorities up and down the country to come into partnership with the Government and to get social housing grant, but they then need to make that grant go further by putting their land in for free in order to get homes built in their communities.

Local authorities often moan about the shortage of housing, and there is a real shortage up and down the country. That problem becomes more stark when people cannot afford to buy or cannot get a mortgage. More people are therefore going on to local authority waiting lists, and there is a real shortage of rented housing. This is certainly true of my own constituency; I get people contacting me about this problem almost every day. However, local authorities must be prepared to step up to the mark and recognise that this is a priority for them as well as for the Government.

I have often said to the Government that we must consider the longer-term issues that will apply when we come out of the recession. The fundamental demand for housing, either for purchase or for rent, has not gone away. One of my real worries is that we shall now go through a period of no training for skilled workers for the building industry. It was only a year ago that we were welcoming people from the Czech Republic, Poland and many other places to help us to sustain our house building and to carry out home improvements through

[Mr. Betts]

the decent homes programme, because we had a shortage of skilled workers. We could now have three or four years in which fewer homes are built, with people being laid off and drifting out of the industry, and no one being trained.

Once demand returns, however, there could be a real problem if we go back to the old housing inflation. Demand will not have gone away, but we will have had a period without adequate supply, in which people have not been trained and others have been lost to the industry. When demand comes back, the resulting shortage of capacity could lead to another sharp upward spike in house prices. How we cope with that and retain people in the industry—we need to retain people in skilled manufacturing jobs as well—is a real challenge.

I am a little disappointed that the Budget paid no attention to the need to offer some help for short-time working in various industries, which has happened in many continental European countries, because that is one way in which we might have been able to keep more skilled people in manufacturing and construction. If the Government had assisted with that, we might have been able to retain more skilled workers. That challenge still has to be met.

No one likes paying more at petrol or diesel pumps for their fuel—an inevitability in current circumstances. One issue people have raised with me—I do not have an the answer for the Secretary of State for Energy and Climate Change—is that they should be buying diesel cars because they are more fuel-efficient, yet diesel is more expensive, quite a bit more expensive, than petrol in this country. In many countries on the continent, diesel is much cheaper than petrol. Why cannot we offer diesel at the pumps for at least the same price as petrol? Why do we have this price differential, which encourages people to buy less fuel-efficient cars? The Government should have a word with the industry about that with a view to mitigating some of the extra costs.

On the beer tax, I know that the Government have to raise money, but there is a difficulty with their proposal. Clearly, we have a problem with binge drinking, which is mainly about crates of cheap lager from the supermarkets getting into the hands of young people, and I am sure that we have all heard complaints from our constituents from time to time about that sort of activity. However, we face a fundamental problem in terms of the demise of the British pub as a community institution, so carrying on regardless putting up the beer duty will have an impact. The problem is not just one for the Government. The other day, I met a group of tenants in my constituency who work for Enterprise Inns; they did not point their fingers at the Government, but said that, in their calculations, Enterprise Inns could make a pound a pint on the beer it sold, so perhaps putting 2p on beer duty was not the real issue. Nevertheless, the Government need to be sensitive about this point. Yes, of course we are against binge drinking; yes, of course we want sensible measures to deal with it; but if that means putting at risk community institutions such as pubs, we need to be very careful indeed. I urge the Government to think again.

Martin Horwood: I am speaking more from a constituency point of view than as a Front Bencher, but I strongly agree with what the hon. Gentleman says about traditional pubs. Does he agree that having a differential duty that is more generous to beer and encourages drinking in traditional family pubs would actually create a social environment that militates against binge drinking, which is an important factor in the wider issue?

Mr. Betts: I think it does and I have written to my hon. Friend the Exchequer Secretary to say that a differential tax—on beer sold in supermarkets as opposed to beer sold in pubs—would be very helpful. It may well be that we cannot do that, but it is an issue that needs addressing.

The Exchequer Secretary to the Treasury (Angela Eagle): On that very point, we have looked at this matter and I am afraid that EU directives work in such a way as to make it impossible to tax the same item differentially, according to where it is sold. That is simply not possible.

Mr. Betts: I thank the Minister for that explanation, and I know that she has also written to me about it.

Mr. Weir: Does the [illegible]entleman think that the Scottish Government proposal to introduce minimum unit pricing, which would deal with the problem of cheap deals in supermarkets that fuel binge drinking but at the same time keep prices reasonable in pubs for more civilised drinking, may be another way round the problem?

Mr. Betts: I am not absolutely convinced of the case for minimum pricing, as there are some difficulties with it. All I am saying is that there is problem about the future of pubs that is worthy of debate across Government to see whether some way forward can be found.

Finally, I should like to discuss one part of my constituency that has the potential for the major regeneration that other parts of my constituency have already enjoyed. It is around the canal in Sheffield, to which British Waterways is very committed. It is working with local people, and David Slater, who has worked closely with me and the council on these matters, is involved. British Waterways is a key part of the regeneration, so we were a little concerned that in stretching its assets, the Treasury might be looking at fire sales of some property. I hope that I am receiving signals of reassurance that British Waterways will not be forced to sell off much of the land around the canal. That may be necessary at some point in the future, but British Waterways has a very good track record of sensitively developing that sort of land and the surrounding buildings, so gaining maximum value for local communities, stimulating wider regeneration and using such properties on the land appropriately. I am not sure that it is a good idea simply to sell the land off to private speculators who may not develop it in the near future, and may develop it badly when they eventually do develop it. I hope that the Government will reassure us that British Waterways will be assisted to develop it properly.

I have tried to cover a number of points. I support the Budget and the help that it will give the economy in general and, in particular, my constituents, who face a difficult time. I believe that the Government's strategy of providing assistance rather than cuts during the current recession is right and appropriate.

2.55 pm

Angela Browning (Tiverton and Honiton) (Con): Let me begin by saying something about personal debt. Many people throughout the country are extremely worried about their personal finances during what will be—notwithstanding the Chancellor's announcement yesterday—a long and deep recession. They are worried about their jobs and their housing problems, and elderly people in particular are worried about what will happen to the income on which they rely from investments, especially building society and bank savings accounts.

We know that even before the recession started, the savings ratio had halved under the stewardship of this Labour Government. That should have sounded a loud warning bell to Ministers, but they were very tardy in attempting to do anything about it. When people lose the incentive to save—to put money aside for a rainy day, or perhaps to fix the roof while the sun is shining—it is a very serious matter, not just for them personally but because it changes the culture in the country. It affects people's feeling that they have a personal responsibility to put money aside.

For many years, I have been concerned about the way in which the younger generation—by which I mean young people of working age, many of them bringing up young families—have taken account of the experience of their mums and dads, who have suffered under this Government as a result of the erosion of their pensions. The former Chancellor's hundred-billion-and-counting taxation raid on pension funds means that many people now do not have the funds that they expected to receive. All too often, their adult children think of what has happened to mum and dad and ask, "What is the point of putting money into a pension?". That should be a worry for us all, and for them in particular, but the Government do not appear to have recognised that the problem has been building up over many years. Now that we are experiencing this appalling recession, the problems of pensioners and those about to retire are particularly acute.

The Government had an opportunity yesterday to remove the basic rate of taxation on people with investment income, but failed to take it. Although I welcome the Chancellor's announcement of an increase in the tax-free amounts in personal individual savings accounts, many people on fixed incomes, especially the pensioner population—a great many pensioners live in my rural Devon constituency—do not necessarily have the capital to put into an ISA. They have depended on interest on which they have drawn regularly to pay essential household bills, including bills for utilities such as fuel, and they feel extremely vulnerable now that interest rates are falling while they continue to be taxed on their income if the aggregate is above the tax threshold. Price reductions do not necessarily help them. In February this year, the Institute for Fiscal Studies estimated that the poorest pensioners—those over the age of 80—faced an inflation rate of 6.7 per cent., more than four times the rate affecting the general population, because of the types of products and services on which the very elderly rely.

We have had many debates in this House about the costs of the various baskets of items that represent the retail prices index, for example, or the real rate of inflation. Members do not need me to explain all the specific individual needs of the over-80s, but their purchasing pattern is very different from that of the rest of the population. Interest rates have fallen, and those with modest savings who rely on interest rates to supplement their income have been hit particularly hard. Therefore, I regret that the Government did not take the opportunity to adopt what was a Conservative policy. They have adopted Conservative policies in the past, such as on inheritance tax. Had they done so on this occasion, I promise that I would not have stood here today and said, "You've pinched one of our policies"; instead, I would have warmly welcomed the abolition of the 20 per cent. tax rate on investment income for basic rate taxpayers.

Ms Sally Keeble (Northampton, North) (Lab): This is an important point, and all Members will have encountered constituents who raise such concerns. Does the hon. Lady agree that it is important that people with modest savings whose income from those savings has decreased should look at the changes to the capital arrangements for pension credit? It is, of course, just the income that is taken into account, but nevertheless a raising of the threshold will have a huge impact, and some people might look at pension credit as being a sensible way of supplementing their income in the current difficult circumstances they face, even if they do not like claiming benefits.

Angela Browning: The hon. Lady raises a good point, and that will help some pensioners, although not all. She also points to an issue that I hope the Government will take very seriously. Will they, through various agencies such as the citizens advice bureaux and Age Concern, redouble their efforts to ensure that anybody who is entitled to a state benefit, whether means-tested or not, is encouraged to apply for it and is assisted in obtaining it as soon as possible? I have held surgeries with my own CAB offices to encourage pensioners to apply for various benefits that they were entitled to but did not know they were entitled to, or—to pick up on the point the hon. Lady raised—were entitled to but resisted because they feel means-tested benefits are demeaning. They find the form-filling rather difficult and some of the questions are very personal and can put many of them off.

I have referred to the over-80s. They are members of the generation above mine. It is the generation that lived through the second world war. I am a baby boomer; I was born the year after the second world war ended. I am, because of my age, very familiar with the age group that is one above my own. They are a very proud and independent people and they will not come forward voluntarily to apply for benefits. Nevertheless, I think that we as Members of Parliament, and certainly the Government, should do all we can to make the process as dignified and simple as possible. In this recession, there is an enhanced opportunity for the Government to do all they can to make sure the statutory bodies, voluntary services and charitable agencies encourage more people who are entitled to apply for such benefits to do so. Nevertheless, there was something that the Government could have done yesterday, and I very much regret that they did not take that opportunity.

I began by talking about personal debt. As I represent a rural constituency where communications might not be as good as in a city or large town, I am concerned that a lot of people living in small isolated communities

[Angela Browning]

do not always receive information and do not get to know about things as easily as those in urban areas. There is an issue to do with people who loan money—the loan sharks if I may call them that. I am sure all Members have had to deal with constituency casework where people have clearly been taken advantage of—often some of the very poorest people who are truly on the margins in terms of their financial viability. I urge the Government, particularly at this time, when people are going to find the coming years extremely difficult, to ask the Office of Fair Trading to look again at better regulation of the consumer credit market.

In some parts of the country, credit unions do an excellent job, but they, too, are not as easily available and known about in rural communities as they are in city centres. When they were first introduced, they were located in areas where it could be clearly identified that the population there might well benefit from them. Of course, in rural areas, people are scattered about and do not form a hub. None the less, there are outreach services and statutory agencies that can act on their behalf.

I ask two things of the Government on behalf of people who are on very low incomes, including not only pensioners, but those of working age. Will the Government ensure that the consumer credit market is properly regulated? Will they examine how we can roll out credit unions in a more unified way, particularly in the rural parts of the United Kingdom, because I am sure that they will be needed? They will solve a lot of problems for people who might otherwise be seriously taken advantage of.

The other loan sharks that I wish to mention are the banks. They have had a bad press and, like everybody else, I wish to see the credibility of the British banking system restored in a way that allows us to have trust in it, both as personal bankers and, on a much broader level, in terms of its importance as a national institution. I fear that we still have some way to go and the process of restoring confidence will go far beyond this recession.

The Financial Services Authority has clearly failed. We have had debates in the House about how the rules have been changed, how the role of the Bank of England has been changed and how powers have been divested to the FSA. It is essential that the regulation of the financial institutions in this country is clear and transparent, and that it works. When we have debates about regulation and I speak from the Conservative Benches, very often people say, "You always want a light touch. You always want less regulation, not more." I believe that we have got it totally wrong in this place when it comes to regulation. I often find that regulation hits in the most top-heavy way areas where a light touch is needed, and we over-regulate in areas that need a light touch. However, in areas where proper regulation is needed and needs to be enforced, for some reason we get it wrong.

We should all ensure that any proposals that come forward, as I hope they will, to make changes to regulation and the way in which the FSA works are not unduly top-heavy for the sake of it. Very often this is simply a matter of common sense; it is a question of saying, "Where does the regulation need to fall? Is it transparent? Will it be easy to monitor to ensure that it is working properly?". In asking the Office of Fair Trading to regulate the consumer credit market, I am not asking for a lot of top-down regulation just because things have all gone pear-shaped; I am asking for regulation that works and regulation that will genuinely restore the banking institutions of this country.

Adam Price: May I just give the hon. Lady an example of the imbalance in the FSA, to which she has referred? Independent financial advisers have been massively over-regulated by the FSA, whereas it has taken a cavalier light-touch attitude to the huge international corporations of the banking sector.

Angela Browning: I am grateful to the hon. Gentleman who, as ever, has put his finger on an example that I wish I had thought of. It is a classic.

When we first introduced the regulation of financial services in the mid-'80s, before I was elected, it seemed on the face of it that there was a very sensible way forward. Financial advisers, whoever they worked for—even if they were linked to a financial institution but were working independently—would carry out an analysis of somebody's financial needs. In giving best advice, as it was called at the time, they would need to ensure that the product that they were selling was right for that person and that they could afford to pay the premiums or put capital in. The advisers were regulated and checked to ensure that they did so. All of a sudden, out of the blue, every department store, every chain store and every bank could market products through the post, over the phone—and now over the internet—without the same criterion of best advice applying.

The principle of best advice was right but, for some reason, it went wrong, and there were loopholes in it. I do not think that the answer is over-regulation. It is common sense to ensure that there is a level playing field wherever we regulate. If we do not have that level playing field, people will take advantage. When they take advantage by selling their products, however they sell them, the person who loses out is usually the poor investor who puts their money on the line.

Let me move on to something else. I realise that today's debate is going to consider housing, in particular, and I want to touch on one aspect of that—that is, park homes. We have an all-party group on park home owners, of which I am a member, and I know that a few years ago the Government made some changes to the anachronistic rules that govern the purchase and sale of park homes. In a recession, park homes offer a wonderful opportunity for low-cost housing.

There are several park homes in my constituency, and although they are not exclusively occupied by pensioners, many people who have not owned their own home or have owned a very small home move to a park home when they retire—that releases a lump sum, too—so a lot of elderly people live in them. Will the Government look again at the rules that apply to the sale and purchase of park homes, as they missed the opportunity to do so yesterday? There is no doubt that we still have what I would regard as restrictive practices in this area.

I understand that site owners are business people who need to make a profit. Nobody is suggesting for one minute that they do not have a material interest in the sale and purchase of park homes. However, the way in which people are obliged to purchase a new home from a particular supplier and the way in which a cut of

the sale price goes back to the park home owner is anachronistic in this day and age. I want the Government to think of the recession as an opportunity to look favourably on park homes and consider them as a way of providing more low-cost housing. Such housing would be more readily provided by park homes than by the construction industry, which seems to be moribund. If the Government plan to help the construction industry, I hope that they will equally consider the park home industry, provided that they take a fresh look at the way in which people who purchase homes from site owners are treated under the regulations.

We have heard a lot about helping people on low incomes with energy costs. I have been in correspondence for nearly a year with various Ministers—I received yet another reply today, which was very negative—on the subject of those park home owners who are on sites where the landlord provides the fuel, which is usually liquefied petroleum gas and is often metered. The landlord sells the fuel to all the people on the site, and they are locked into a pricing regime over which they have no control whatsoever. It seems that just about everybody else has the opportunity to shop around, to change supplier and to get the best deal that they can, yet these people are locked in. I have had a letter from a Minister yet again today to say that the Government have no intention of changing the regime. I do not believe that it would be that difficult to change it, and I ask the Financial Secretary to the Treasury, to look at that, as well as at the issue of the selling and purchase of park homes.

Mr. Graham Stuart: My hon. Friend is making a powerful point on park homes. Through her, may I make the point to those on the Treasury Bench that many people on low incomes live in park homes for most of the year? They may be paying rather a high price for the fuel that heats those homes, which are often poorly insulated. When I go into many of my constituents' park homes, I find them there with many plugged-in electric heaters, and that costs them a fortune. They often have historical industrial conditions such as emphysema. It is important that the Government take seriously the insulation and the standard of those homes to ensure that those people, who, as I say, are often on low incomes, do not find that most of their money goes on keeping themselves warm.

Angela Browning: I am grateful to my hon. Friend for that. I know that the all-party group on park home owners has made representations to Ministers on those issues. We are talking about low-cost initiatives that would make a difference. They would not necessarily affect the Treasury figures—particularly not the changes to the regulations that I asked for—but would certainly help a lot of people. They might encourage more people to buy and live in park homes at a time when low-cost housing is absolutely essential.

I started on the subject of debt, and I will finish on the subject of debt, but I shall move from personal debt to the national debt. I referred to the fact that I am a baby boomer, born in 1946. I still have an identity card, and I remember when rationing ended for sweets. I have lived through the Attlee, Wilson, Callaghan, Blair and Brown Governments, and as my right hon. Friend the Leader of the Opposition said yesterday in the Budget debate, we always end up with the same situation at the end of a Labour Government. They leave the country bust. Nothing in the Budget, or in what has been said in the debate so far, makes me think that the situation will be any less serious when it comes to the inheritance left by this Government; in fact, it will be a great deal more serious.

I mentioned the generation of those who are 80 and over, and I mentioned the savings culture. There is a culture in the British spirit that says that when we are up against it, we will go without certain items to make sure that we get things right. We saw that in the wartime spirit in the second world war, and we have seen it on other occasions. The British public are intelligent enough and tough enough to know that we are going into a period of great austerity. They want honesty from their politicians and their Government. If there are difficult choices to make, they want to see those choices clearly laid before them.

Yesterday's Budget was dishonest. It deferred until after the general election a lot of tax cuts and swingeing impositions on people who are not the wealthiest in the country. The Government may argue, "It's until the downturn picks up," but nobody believes that the downturn will pick up by the end of this year, and we have heard all the independent evidence that corroborates the view that it will not pick up. None the less, I think that people will understand it if politicians stand up and say to them, "No, sorry, we cannot afford it," or "Yes, it is our intention to do or provide certain things with your taxes, but because of the situation that we are in, the imperative must be to get the economy of this country back on to a stable footing." We are old enough to know what happens if we do not.

If we do not get the economy back on to a stable footing and we go into a period of what I would describe as funny money, in which the whole economy collapses and the currency is a paper currency only, that will a very serious situation. It is about time that the Government treated the British population as grown-ups. Instead of kicking things into the long grass when action is needed now, the Government should grasp the problem, which is with us today and will be with us for a very long time.

The Financial Secretary is a reasonable and honest man, so I am sorry to have to direct these remarks to him rather than to some of his colleagues. None the less, both he and I understand what collective responsibility means. The Government are leaving it far too late to take the right action to restore the economy of this country and that is a grave disservice to the British people. They have been through trials and tribulations in their history and they will not baulk at understanding that we are in a serious situation that calls for serious measures. The Government must rethink what they have told the House over the past 24 hours, because it will clearly not solve the problems.

Martin Horwood: If by serious measures the hon. Lady means public spending cuts, can she be more forthcoming than her hon. Friend the Member for Tatton (Mr. Osborne) was on the radio this morning when he failed to identify a single substantial savings cut? If the hon. Lady is worried about the recovery not happening next year, can she explain whether those cuts would go ahead under a theoretical Conservative Government, if the recovery was not occurring by then?

Angela Browning: I am sorry that the hon. Gentleman chose to ask that question—it was so Lib Dem. I hope that we will have a Conservative Government because that is the only hope for the country. I shall not be part of that Government because I am retiring, but I and the British people understand that when we are up against it, we cut our cloth accordingly. Anybody who does not understand that simple concept will never solve our problems.

3.21 pm

Laura Moffatt (Crawley) (Lab): It is a pleasure to follow the hon. Member for Tiverton and Honiton (Angela Browning). I agreed strongly with all her comments about debt and the role of park homes, but of course we parted company at the end of her speech when she started to talk about just a quarter of the last century when Labour Governments were in control. My recollection is that those Governments had to redress the appalling lack of investment in our public services—in our hospitals and in our schools, where children were taught in leaky school buildings with outside toilets. If there was a price to pay, I think it was one worth paying.

When the debate started, I became depressed. I enjoy the cut and thrust of debates in the Chamber, but there were times when there was inappropriate guffawing from Opposition Members at what was meant to be a serious contribution to efforts to get the country out of the most appalling global difficulties. Then I heard the shadow Chancellor planning the Conservative poster campaign by saying that Crawley would be a target for the Conservatives' inheritance tax and tax credit plans. Frankly, I hope they do that, because none of my constituents will benefit from their inheritance tax plans, whereas 10,500 families will be badly affected by their plans to cut tax credits. Such an Opposition campaign would be a very positive move.

I shall concentrate on how we can reduce carbon output in the power we use. We desperately need to do that as quickly as we can. Earlier, we heard an incredibly heartening statement about the carbon capture and storage scheme. It will certainly be heartening in my constituency, where the company Doosan Babcock, which is developing many of the new technologies, has its headquarters. It was interesting to hear Members say that the statement had come far too late, because in fact the technology is untested. It is very new. We are the first country to commit to such investment at that level and I am delighted that we are doing so. I certainly hope that the effort, investment and research that Doosan Babcock has put into carbon capture and storage will pay dividends for the company in the future.

The reason why I take an interest in such matters is that just a few short steps away from Doosan Babcock's headquarters is another company, of which Members may be aware, called Ceres Power. It appears that Ceres Power is one of those companies that could offer the answer to many of our home power needs. It has developed a brand new fuel cell—a very interesting technology, in which many people throughout the world are hugely interested.

It is great that in my constituency there are two companies with very different ways of trying to reduce our use of power and our carbon output—one an older technology that uses the very best research to deal with coal burning, and the other a fuel cell that holds enormous potential. Both received a good lift and encouragement from the Budget, and I am delighted about that. When I revisit those companies, I will be able to hold my head up and say that this Government are serious—particularly given the strategic investment fund, which I hope will take those new technologies further along the line. They have already had plenty of money from the Government to continue their research, but I sincerely hope that they will be able to move to the next phase and, for example, put fuel cells in people's homes, so that we can genuinely see that they work. I see the Budget—particularly proposals to try to reduce our carbon output—as adding to a jigsaw of other measures and building on work that has been going on for a long time to ensure that we continue to play a world-leading role in those technologies. It is a pleasure to represent a constituency that is taking part in such activity.

I shall focus the majority of the rest of my speech on housing, which has truly become one of those subjects that occupy not only people who go to advice surgeries, but young people, for whom access to housing has become a critical issue. It is the key to answering many problems as we try to tackle the global downturn. It is difficult to look at any one subject in isolation, but, if we encourage housing development, as I expect the Budget to, many other issues—education, training, job opportunities for people—will become part of the whole package. There is also an opportunity to ensure that the proposed homes are the best in terms of environmental soundness and liveability for families. That is why I was delighted by the release of the new money.

Central to all that development is the fact that we must allow our local authorities to play a part in developing housing. We tend to bandy about "affordability", and the Library had a good stab at trying to define it. I find it extremely difficult, however, to sit in my surgery opposite a lovely young couple who have recently married and are saving furiously but have nowhere near enough for the price of a small flat in my constituency—even though, thank goodness, the amount that can be borrowed has been reduced to three times a person's salary. People in the south of England face problems of affordability and they will find it extremely difficult to access housing, even with the new HomeBuy scheme and access to shared equity programmes, but attempts to tackle scarcity, which is at the heart of the housing problem in the south-east, will assist those young people enormously.

We are fighting tooth and nail for a university centre in Crawley, because, again, it is part of the jigsaw of keeping our young people in the town and giving them the education that they deserve and the job opportunities that they so badly want. No measure can be taken in isolation, but we have to make sure that we can house people decently. I am extremely pleased that my right hon. Friend the Minister for Housing is now giving serious consideration to allowing local authorities to play their part in developing housing projects within our towns and communities. They are key to most of the things that happen; they understand how a community needs to exist and know that housing development without any of the services that make houses decent places to live does not reflect how we want to develop in the future.

I am extremely lucky to be associated with the post-war Labour Government who decided that people who had been in the war and families who had suffered should

have the opportunity to come into homes in a lovely community such as Crawley. Such places have neighbourhoods with pubs, shops, churches and community centres. Local authorities must be at the heart of the decision making and they must be able to develop housing in the way that we believe is right and proper. People deserve to live in homes with an environmental rating of at least "very good" so that they do not spend most of their money on fuel and so that they can be proud of their new homes for many decades.

I hope that you can see, Madam Deputy Speaker, that I am keen for local authorities to play their part and get access, so the extra £100 million for local authorities to develop their housing was very welcome. We also have to consider the quality of the services offered by those local authorities into the future. Before we allow Government money to be placed in the hands of a housing authority, we must make sure that it is held in the highest regard. I shall press Ministers to ensure that, as the scheme goes ahead—I certainly hope that Crawley borough council will take advantage of it—the highest-quality local authorities are able to take part.

Another part of the jigsaw is the negative subsidy of many local authorities. I applaud and support those who have bought their council homes, but in Crawley, where there were more than 20,000 council homes, fewer than 8,000 are left in the control of the local authority. I want the local authority not to give up the principle of having a housing pool, but to be allowed to use more of the money to continue to build new homes and to improve the homes of existing tenants to the decent homes standard.

There are lots of competing arguments. The one thing that stops me from being flippant or taking part in all the shouting and jeering today is that tomorrow I will probably have to sit in front of a hard-pressed business man who is trying to hang on to his business, which employs fewer than 10 people in these difficult times; I will look into the eyes of a man who is working hard and trying to find out what the Government can offer. There are numerous schemes to help him, particularly the ability of Her Majesty's Revenue and Customs to delay payments. That is incredibly welcome for many companies. There are also hard-pressed families who have difficulties with mortgage payments and are looking to see how they can be helped. The Budget certainly allows such help. However, it is difficult to be jolly at a time such as this.

Mr. Graham Stuart: It is indeed hard to be jolly at a time such as this. If they are still in work, the hon. Lady's constituents will go through the week with the worries that she has described. They may well go to their local bingo hall on a Friday night to have a little bit of fun and let their hair down. Will she sympathise with them when they see that bingo duty has been put up in this Budget and that in the next three years £105 million extra will be taken from bingo players? That is more than the amount that the Government are putting into housing.

Laura Moffatt: I thank the hon. Gentleman—I think—for that intervention. At times such as this, when families are facing a difficult time, knowing that we now have a scheme to enable them to keep their home is something that they will appreciate much more than levels of duty.

The Financial Secretary to the Treasury (Mr. Stephen Timms): My hon. Friend will be able to reassure her bingo-playing constituents that we have relieved stakes of VAT and that, overall, the announcements in the Budget on the taxation of bingo are welcome to the industry.

Laura Moffatt: That is great to hear; I am glad that my right hon. Friend has answered the question for me.

It is important for our constituents to know that they have a Government who are here for them—a Government who are prepared to put money on the table to keep them in their homes and in their jobs and to get them through the most difficult times. I am extremely proud that I am part of a Government who are prepared to do that.

3.35 pm

Mr. Michael Fallon (Sevenoaks) (Con): I remind the House of my interests recorded in the register.

This year's Budget had to meet three crucial tests: to focus real help on those hardest hit by the recession; to start to rebalance our economy and put it back on a path towards sustainable growth; and, of course, to put the public finances back under control. Some of the Budget's measures to give real help to the hardest hit are welcome, particularly those to help people back into the labour market as quickly as possible. However, I do not think that the Minister needs reminding that what really matters is that help is real—not just announced, packaged and put up on a website, but working on the ground and getting through in our constituencies.

The two groups who obviously need help are home owners, as the hon. Member for Crawley (Laura Moffatt) said, and small businesses. Home owners who may be facing redundancy, through no fault of their own, are still unable to access the help that the Government announced on 3 December—four months ago—and then re-announced earlier this week. It is still not clear exactly who will be eligible or which banks and building societies are participating. That delay has been scandalous because people being made redundant now are already falling behind with their payments.

Let me give an example from my constituency. A couple living in a village close to mine have both been made redundant—the husband in September and his wife at the end of January. She has been able to find a small part-time job, but because they have some savings they are being told by their lender that they are not entitled to anything more than a three-month payment holiday. I quote:

"In fact we have been advised by several people that NOT ONE of the banks/mortgage companies that have 'signed up' to the scheme have helped anyone. In fact one broker was informed by the Halifax that they would only give mortgage holidays to people who were going on holiday as they had a job!"

It is time that we got this scheme actually working rather than constantly being re-announced. I hope that the Minister will inform me exactly which lenders are participating and what the qualifying criteria are.

Small businesses in my constituency are so confused about the various schemes that have been announced that they are writing to me, here in the House, asking that I write on their behalf to the banks or to Ministers to sort things out. The good news is that when I do get

[Mr. Michael Fallon]

involved, I generally find that the banks respond quite well. However, local branch managers do not seem to be fully aware of how the schemes should operate, so the help is not getting directly through to the companies that need it most.

I hope that the Minister winding up the debate will assure us that all the schemes that have been announced are now working—including the working capital scheme, which does not seem to be working at all—and yielding results in our constituencies. It is essential that, as the pain continues this year, we try to protect the two groups I have mentioned.

Secondly, the Budget was an opportunity to begin to rebalance our economy. If we have learned anything over the past 10 years, it is that it is not enough to depend on a highly leveraged financial sector, an over-extended private housing market and an ever-expanding public sector. That simply does not give us the investment that we need in new industries or the all-round performance that we need as one of the world's larger economies.

Roughly every year, I ask the Library to rank our country's gross domestic product per head against all 50 American states. Over the past six or seven years, the answer, surprising as it might be, has been about the same. This country now ranks 45th, coming ahead of only Mississippi, Arkansas, West Virginia, Idaho and South Carolina. On GDP per head measured in purchasing parity terms, this country is actually poorer than Oklahoma, which is some achievement after 10 years of ever-increasing public expenditure and the so-called investment strategy of this Government.

Why is that? It is because the three sectors that I mentioned—the highly leveraged financial sector, the overheated housing market and the ever-expanding public sector—have all been fuelled in exactly the same way: by debt and excessive borrowing. The levels of borrowing are simply unsustainable, as we have seen in the banking crisis, and are beginning to unwind, and as they do so we begin to see the damage that has been caused by our overdependence on those three sectors. We see how reliance on debt and leverage has crowded out investment, equity and savings as a basis for the commercial markets, and how our obsession with driving up home ownership even among those who could not afford it—we have all been guilty of that—has crowded out the development of a broader rental market. We have seen how the inflation of the public sector has caused growing resentment among those who are not entitled to the special working practices, protected pensions or early retirement enjoyed by those in the public sector.

I would have liked this Budget to encourage other things. For example, I would have liked it to encourage equity rather than debt and to look again at how we can back early years funding for the new companies to which the hon. Member for Sheffield, Attercliffe (Mr. Betts) referred. This country is not as good at that as the United States. We need to look again at venture capital trusts and how they can be developed, for example by allowing them to invest in secondary markets, as the London Stock Exchange suggested in its Budget submission. Of course, we need to look again at having more and better applied industry-driven research to turn a handful of clusters into serious, knowledge-driven business communities, as has been done much more successfully in the valleys of California and elsewhere.

Thirdly and finally, as my hon. Friend the shadow Chancellor and others have said, this Budget has failed to get the public finances back under control. The deficit that has been announced for the next two or three years is of course appalling, but it is important to understand that a large part of it is structural and has nothing to do with the huge sums that have been put aside to bail out the banks, or the way in which stabilisers kick in and welfare rolls grow during the recession. We have inherited that structural deficit from the boom years.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Does my hon. Friend agree that the problem has been exacerbated by the fact that this Government have failed to distinguish between true investment, which yields a return, and spending through taking on increased debt, which is difficult to justify?

Mr. Fallon: My hon. Friend is right. The word "investment" has been stretched far too wide.

This Government have not balanced the Budget since March 2002, which is seven long years ago. In the March 2003 Budget, they said that they would balance the Budget by March 2006. Two years ago, in the March 2007 Budget, the forecast slipped to March 2009. Three years ago, they forecast that we would be back in surplus this year. Last year, the forecast was pushed out further to 2011. In the pre-Budget report, it went out to 2015, and yesterday, as I understand the Red Book, it was forecast that it will be 2017-18 before we are finally back in surplus.

The Government have consistently mismanaged public expenditure. They have overestimated revenues and failed to get proper control. There was a time when the job of the Treasury was to control spending. In the past seven or eight years, the Treasury has been directing spending and failing to control it. Now we are told that the remedy lies in even more efficiency savings, despite the fact that the National Audit Office has fully scored only around a quarter of the efficiency savings so far claimed.

As my hon. Friend the Member for Tiverton and Honiton (Angela Browning) eloquently explained, if the economy goes on shrinking, government cannot go on growing. We have to start taking out costs and reducing layers of bureaucracy. We must do what businesses across the country have been doing and what households across the country are now having to do, which is, as my hon. Friend has said, cut our cloth according to our means.

The private sector has already outsourced back-office functions, cut layers of middle management and streamlined procurement. Those things have still not happened in central Government, local government, the health service bureaucracy and education bureaucracy. The perfect indictment of the Labour years is what sadly happened at North Staffordshire hospital. While patients were dying and others were drinking out of vases, three quangos—Monitor, which costs £13 million a year, the Healthcare Commission, which costs £76 million a year and the Audit Commission, which costs more than £200 million a year—were writing letters to each other. That was the failure of North Staffordshire hospital—a failure of the culture of ever-inflating quangos.

If we are to maintain the credibility of our currency and reassure overseas investors, we must repair the damage done to our public and private finances over

the past few years. We must put our public finances back in order, which involves reducing borrowing and the increase in spending. If we do not do that, we will end up with more cases such as North Staffordshire hospital and we will have to cut programmes for the most vulnerable. If we do not do it, in the end the IMF will have to do it for us.

3.49 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Like the Secretary of State at the beginning of the debate, I was encouraged by the opening remarks by the shadow Chancellor, because I thought that we were at last going to get an inkling of the Conservative way forward in the current financial circumstances. The shadow Chancellor started quite well and indicated that he had five points. For the next 24 minutes of his speech, I was waiting to go through those five points to examine his solutions. First, he told us that we must analyse how we got here, which is fair enough—I probably disagree about how we got here, but such an analysis is a good place to start. He referred to some relatively minor movement of spending priorities that he said were fiscally neutral and would presumably make no overall difference, therefore, to the general strategy.

I might have miscounted, but the shadow Chancellor seemed to get to only three of his five points. His final big point that I noted was that there should be a national debate about how we tackle an age of austerity. We all recognise that the economic situation is very serious: the Conservatives say that it is one of drastic seriousness yet, at a time when urgent action and policies are called for, the central point of the Conservative shadow Chancellor's politics is a call for a national debate about the age of austerity.

That reflects the fact that Conservative Front-Bench Members are, to put it bluntly, too frightened to put forward any policies. They recognise that the public would not like what they heard if the Opposition were to follow through the logic of positions such as that taken by the hon. Member for Sevenoaks (Mr. Fallon). I give the hon. Gentleman credit for the honesty of his arguments today, but anyone who heard them could not but conclude that his recipe for recovery from the current crisis involves massive cuts in public expenditure that would affect large numbers of public services. We all heard what he said about the need for much more outsourcing in elements of the public sector such as housing, health and education, and I am sure that we will all eagerly enter into debate about those matters in the months to come.

Conservative Front-Bench Members may not have put forward many ideas today about how we can get out of the current situation, but other people have done so. I am glad to say that the Chancellor has been listening, and that he has implemented many of the more constructive proposals. Many people, organisations and MPs—and I was certainly one of the latter—have urged him to establish a programme for green jobs, arguing that such a programme would allow us to link the need to tackle the challenges of climate change with the need to provide jobs here and now for people facing unemployment.

We suggested that a fund be set up to help local authorities and voluntary organisations provide jobs with an emphasis on tackling environmental concerns. Therefore, I strongly welcome the plans announced yesterday for funds to provide 100,000 new jobs in socially useful activity, to be delivered through councils and voluntary groups. I welcome in particular the commitment that at least 10,000 of those jobs will be in the green-job sector. When the Government do something for which one has been calling for some time, it is right to recognise the fact. I am certainly glad that the Government have responded in the way that they have, as that will allow us to tackle some green issues and at the same time provide jobs here and now for people who need them.

I look forward to finding out more about the proposals shortly, and believe that the concept can be built on and developed. The voluntary sector in particular can play a major role in delivering these jobs as quickly as possible. Even more than local authorities, voluntary organisations can move quickly and come up with sensible and practical schemes that will deliver lasting benefits to local communities.

Mr. John Hayes (South Holland and The Deepings) (Con): The hon. Gentleman is making a case for the innovative industries, particularly in respect of what he has described as "green jobs". However, he will know that one feature of previous recessions has been that businesses tend to cut their investment in training and research and development. The Government's response has been relatively unsuccessful: the R and D tax credit and the Train to Gain schemes do not seem to be reaching small and medium-sized enterprises. My hon. Friend the Member for Sevenoaks (Mr. Fallon) spoke about venture capital for early-years and start-up businesses. Why did the Government not do more in that regard in the Budget?

Mark Lazarowicz: If the hon. Gentleman looks in more detail, he will find, for example, that the pledge for 16 to 24-year olds is that every one of them facing long-term unemployment will have the opportunity to take up training. That is precisely the sort of positive measure that the Budget contains.

The proposal to create 100,000 new jobs, many of them green jobs in socially useful activity, is one that I certainly welcome. However, I would ask the Government to consider the possibility of extending the scheme even further, to involve more than just younger workers. I understand that there are proposals in the Budget for 50,000 jobs in the programme to be concentrated in those areas of highest unemployment, which is obviously right and proper. However, we have an opportunity to spread the scheme throughout the entire UK once it is up and running, which is something that I would strongly endorse. I look forward to the Government coming up with the details of those proposals, so that they can be put into effect and make a difference to our communities as soon as possible.

I would also emphasise that it is important not to assume that those environmental jobs are only those that involve clearing up rubbish or physical construction or work in that type of environmental project. Such work is of course important and valuable to the community, but there is a host of other green jobs that could be provided and which would make use of the wide range of talents and skills of those who find themselves without work in the current downturn. For example,

[Mark Lazarowicz]

there is interest in environmental education among those in every age group. Work is also to be done in promoting green travel plans for employers and employees. There is also a need not only to install energy efficiency and conservation technology, but to advise people on how to go about saving energy in their daily lives.

Those are just some examples of a wide range of green jobs that could be made available through the development of the scheme that has been referred to in the Budget papers. Such jobs will clearly not fill the gap for everyone who is made unemployed in the current downturn, but they can certainly help to tide people over in the current difficult period. Again, let me emphasise that they are jobs that could come on stream in months, and in some cases perhaps weeks, which is what we need. We need to provide people with jobs soon, because they will increasingly feel the effects of the recession in their communities. Action of that type is therefore needed.

It is certainly the case that many of the proposals for a low-carbon economy can have relatively quick impacts on employment. However, as I am sure the Minister would be the first to acknowledge, other proposals would take a lot longer to have an effect on jobs, because they require investment programmes that would take some time to result in large numbers of jobs. It is therefore important to consider ways of trying to produce employment opportunities in the short term, as well as in the medium and long terms.

That said, the proposals for a low-carbon economy in the Budget as a whole are important, wide-ranging and very much to be welcomed. They have also had a positive response from many in the renewables and low-carbon sector. I would like to pick out a few quotations from those in the sector who have responded to the proposals. The general manager of Sharp Solar UK said:

"This was a good day"

for solar power. The British Wind Energy Association said:

"With this boost we should see the UK speeding the progress towards exploiting our massive indigenous wave and tidal energy potential."

The chairman of the BWEA said:

"This package of measures deserves a welcome from our industry, and is in line with proposals that we have been working through with government. It addresses the short-term economic hurdles we faced due to the fall of the £ against the €...It also restates the Government's long-term commitment to the renewable energy sector, and should enable us to unlock up to £10bn of private sector investment in wind and marine energy projects over the coming few years."

I could continue at length, but finally I will quote the Combined Heat and Power Association, which says that the Budget

"marks a major step towards establishing a low carbon industrial base in the UK."

which could help to deliver up to £10 billion of investment in new CHP plant over the next few years. That is the reality of what people out there in the renewables industry and the low-carbon sector think of the Budget. It is also the kind of message that we should be hearing, not some of the negative messages that we have heard from some Opposition Members today.

I believe that my right hon. Friend the Chancellor was absolutely right to place a major emphasis in his speech and in his proposals on the longer-term economic and industrial strategy, with a focus on the low-carbon economy, as well as on dealing with the immediate economic and financial pressures. He was right to do that for two reasons. First, there are short and medium-term economic and employment benefits to be had from investment in the low-carbon economy. In my constituency, that is particularly relevant because we have had a major reliance on the financial services sector for a number of years. Much of the financial services sector in Edinburgh, as elsewhere, is still doing well, but some of what is happening in the banking sector is bound to have an effect on the local economy, and that will obviously be the case in other areas where the financial services sector has been important.

Fortunately, in my community and other areas where financial services have been important we also have a strong and growing energy and environmental sector. There are many companies big and small in the renewables sector that are well placed to gain from domestic and international opportunities in the low-carbon economy. There may even be expertise in the banking and financial services sector that could be used in the low-carbon economy. For example, there are interesting proposals for a green bank to use expertise in providing finance for long-term investments in low-carbon technology. That could represent part of a shift in emphasis in banking away from short-term speculation and playing financial markets to longer-term strategies and investment in the real economy, which certainly deserves every encouragement.

The shocks that we have seen reverberate throughout the world economy triggered by the mortgage and banking crisis in the USA have certainly underlined how interlinked and fragile is the structure of the world economy. I am in no doubt that, in the long term, returning to business as usual in the financial and wider economy is not a viable strategy to prevent future turbulence and shocks. While in the short term we are right to seek a global stimulus to bring back economic growth, we certainly cannot expect business as usual to return.

Mr. Hayes: The hon. Gentleman makes the case that we should be more economically diverse. He makes a persuasive case that there has been too great a concentration on financial services in Edinburgh and elsewhere. Yet the Chancellor told us yesterday that one of our "underlying strengths" was that we were already a diverse economy. How does the hon. Gentleman reconcile that with his own analysis?

Mark Lazarowicz: Clearly, we have to diversify more. There should be no dispute about that. We still have many good companies in my constituency in the financial services sector, which have many strengths and employ many people with skills and expertise, but clearly we want to diversify. Just as in the past not too many people criticised the strength of our financial services sector, it would be wrong for anyone now to dispute the fact that we need to diversify to reflect the lessons that we have all learned from what has happened in the past few months and years.

The situation is clearly going to change in the future, and we have to recognise that there are plenty of other destabilising factors out there in the world that could

easily trigger similar economic upsets. They include the demand for resources—energy and food—and environmental pressures, leading to the spread of deserts and an increase in flooding, which we were rightly warned earlier would accelerate as a result of climate change. Some suggest that some of those factors may have already played a part in triggering the current crisis. Certainly, they have every potential for doing so in even more dramatic ways. Those underlying issues must be addressed by the world community with every bit as much urgency as the economic and financial crisis.

The Government, and the Prime Minister in particular, have sometimes been criticised for focusing on the wider issues too much. Many of us remember the sneering comments from some Conservatives from time to time at the Prime Minister's efforts to achieve a worldwide consensus. Reference has been made to the G20, for example. I am glad that the Prime Minister recognises the importance of tackling the wider issues. He will certainly have the support of Labour Members and many people in the country if he and his Government continue to devote considerable efforts to bringing about international agreement and action to tackle the underlying issues.

4.4 pm

Adam Price (Carmarthen, East and Dinefwr) (PC): The hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) must be one of life's eternal optimists. Perhaps that is no bad thing, given that he has a majority of 400. There are some points of light in the Budget, but I got the impression from listening to him that the problems that we face could almost be micro-managed away. That cannot be right. We are in the midst of one of the most severe economic downturns that we have ever faced. It might not turn out to be a great depression—that risk might have been averted at global level—but it will certainly be known as the great recession.

My criticism of the Government is that the Budget does not contain the kind of bold, confident thinking that we have seen from the Obama Administration in the United States. It contains hints of the things that the Government think are important. There is a nod in the direction of dealing with child poverty, for example, and a gesture towards greater progressiveness in the income tax system, but even these are not grasped firmly. I am left with the overwhelming feeling that the Government have run out not only of cash but of political capital and self-belief. I applaud some of the things that they have done, but the figures are so nugatory and limited that their effect will be negligible, given the scale of the overall challenge that we face.

A more fundamental charge can be made against the Government, although it cannot be made lightly: in many ways, this is a dishonest Budget. I understand why the Government might believe that being honest, open and up front with the electorate at this time could risk driving us further into a depression. If you like, this is the beneficent lie—the white lie—that the Government feel that they have to tell to put a positive gloss on the economic situation that we face. I understand the argument that they are in the business of perception management, but I believe that things have been done for political reasons. As the hon. Member for Tiverton and Honiton (Angela Browning) suggested, the Government need to treat the electorate as adults. We can see a sleight of hand at the heart of the Budget statement, which is unforgivable, and I think that the electorate will see through it. That expresses itself in a number of different ways. Earlier, the Secretary of State suggested that this was a case of "We say cuts, they say efficiency savings; let's call the whole thing off". The electorate probably will, soon.

In Wales, the Labour Finance Minister has confirmed that changes announced in the pre-Budget report and the Budget will mean that the £416 million that the Labour-led Welsh Assembly thought was available for public services will no longer be available. The Minister on the Front Bench might find that amusing, but many people, including Labour Assembly Members—and people who have hitherto been Labour voters—will not find it amusing when those measures result in cuts in public services. The Labour First Minister—the leader of the Labour party in Wales—has said that he cannot give any guarantee that there will not be public sector job cuts or cuts in the quality of public services as a result of the changes made in the Budget.

The Barnett formula means that, regardless of any efficiency savings made in Wales or Scotland, we have no choice about this. The changes will affect the bottom line there. The Government's report on the operational efficiency programme praises the efficiency savings programme in Wales. On page 34, it refers to Value Wales and to the savings that have already been made. The First Minister in Wales told the Prime Minister that one would need to be the Archangel Gabriel to find any further efficiency savings in the Welsh Assembly Government. They simply are not there, as what the devolved Administrations by and large do is focus on health, education and public services; there are no armies of project managers and other non-jobs that may abound here in London.

I find it curious for a Government suddenly to find all these efficiency savings when they have been in office for 12 years. Is it an admission of their inefficiency and the lack of productivity in the public sector? If these are genuinely efficiency savings and not cuts, why have they not been found up until now? Why did the Government, by their own admission, waste public money while the economic situation was far better than the one we face at the moment?

The other element of dishonesty is, as we have heard, in the growth figures. We may have averted an L-shaped depression, but we are in the middle of a classic U-shaped recession, which is going to continue for some time. Nobody believes that this is a V shape and that we are suddenly going to bounce back from the worst fall in economic output in the post-war period. It has never happened—not once in the post-war period—that we have bounced back to a reasonable level of growth in the second year. That is clear if one looks at the Government's own table on page 200 of the Red Book. All the post-war recessions have involved either a second year of output reduction or minimal and negligible growth, which happened in the early 1990s. The British economy has never bounced back, as I say, in the second year. Nobody believes that.

Mr. Bone: The hon. Gentleman makes a good point. Will he expand on it, because the depth of this recession is much worse than the previous one, making it even more unrealistic that we will bounce back?

Adam Price: Absolutely. This recession is much deeper than all the other examples that are cited. The other factor, of course, is the global economic outlook, which was different in the 1990s—the example most often cited by the Government as the comparator for this recession. If anything, this recession is closer to what happened in the 1980s. The three great drivers of economic growth in the UK— exports in the global economy, financial services and the housing boom—have all gone, so where is the basis for this projected incredible growth? Suddenly, it appears, after next year we are going to re-enter the golden days and a halcyon era will be born again. That is the only way anything close to the Government's projections on tax revenue will be realised.

Mr. Hayes: The hon. Gentleman is making a studious argument and he is right. Does he accept that growth over the last 12 years was predicated on two bases—first, borrowing, both Government and personal; and, secondly, state or Government spending—and given that neither will apply, the economy cannot possibly bounce out of the recession in the way the hon. Gentleman describes?

Adam Price: The hon. Gentleman has put his finger on it. There is a structural demand gap and an output gap in the British economy, and the loss of the financial services sector means a once-and-for-all loss of about 2 per cent. of non-inflationary economic output, which will certainly have repercussions for many years to come. It is absolutely right that the public sector was a major driver, but that will not be there either.

One feasible scenario is that we could face a double-dip recession, which is what happened in America in the 1980s. There was a recovery in 1980-81, but the effect of the fiscal stimulus America had embarked upon fell off, taking the country back into recession in 1982. A double-dip recession is as likely as any other scenario, because the growth in public sector spending is falling.

Mr. Hayes: The point that I was making, which I think the hon. Gentleman accepts, is that the basis of economic success over the past 12 years was flimsy. The case that he seems to be making is that the response to the recession must not be equally flimsy. In other words, if we invest in infrastructural improvement, we can shorten the recession and make it more shallow, but if our response to it is flimsy, like the one in the USA which he described, the recovery is likely also to be temporary.

Adam Price: I am one of those who say that if we are to rip up the public balances, we had better make sure that we do it with a comprehensive strategy in place. We have not seen such a strategy from the Government. I advocate a radical fiscal expansion on the Obama model, which is based on long-term investment in the economy. David Blanchflower has made a similar point, as has the National Institute of Economic and Social Research. We have not seen that from the Government; nor have we seen the Conservative line of retrenchment and a more targeted approach. What we have seen is something in the middle, which amounts to nothing at all.

Angela Eagle: The hon. Gentleman has been brandishing the Red Book. Would he care to look at page 28? Box 24 contains a chart entitled "G7 average annual effect of discretionary measures and automatic stabilisers". That is the fiscal stimulus to which the hon. Gentleman is referring. On the chart, the United Kingdom comes second.

Adam Price: If we add up the figures, we may find that I am wrong, but the pre-Budget report mentioned a stimulus of about £21 billion. According to my analysis, the maximum in terms of active stimulating measures in the Budget is not much more than an additional £5 billion. That does not compare with the £820 billion to which the Obama plan amounts in toto, and it is a fraction of what others have demanded. David Blanchflower called for a £90 billion stimulus in the Budget, and the NIESR called for a similar figure—£50 billion or £60 billion. Even the Sustainable Development Commission called for a £30 billion green new deal.

The hon. Member for Edinburgh, North and Leith quoted some positive comment about green jobs in the Budget, but most people in the sector have been desperately disappointed by the lack of delivery. According to Friends of the Earth:

"The Government has squandered a historic opportunity to kick-start a green industrial revolution".

Even Jonathon Porritt of the Sustainable Development Commission has said that the scale of Government investment

"is not going to put us on track to achieving the extremely ambitious targets of the Climate Change Act",

and the Campaign for Better Transport has observed:

"The Budget is a missed opportunity on transport."

We have not seen the green new deal. Once again, the Government's rhetoric is not backed up by reality. We are not seeing in this Budget anything like the stimulus that is needed to counteract the difficulties that we face. In this so-called Budget for jobs, I see nothing that is likely to deliver a significant number of new jobs in any part of the United Kingdom.

There may be difficult times ahead. It is possible that we shall experience a further round of financial shocks at a global level. Some hedge funds may collapse. What is the Government's strategy for dealing with that? What if there is a fully fledged financial crisis in some of the eastern European economies? What will be the effects on the economy here? I certainly do not have any confidence that the Government have a comprehensive strategy to get us through the next few years.

The final dishonesty is to do with tax. People say that new Labour is dead because the Government have finally embraced the idea of a progressive income tax system, but I think the Chancellor was hoisting a white flag yesterday, not a red flag, because this was a defeatist Budget. It is almost as if they have given up, because not only is the cupboard bare financially, as they believe, but it is bare of ideas as well.

I welcome the fact that the Government have finally come round to the idea of tax justice, but to give the impression that raising the tax on the 1 per cent. of taxpayers who earn more than £150,000 will do anything to close the massive deficit that we face is deeply and utterly dishonest. The Government must be honest with people. It is my understanding—I would be happy for Ministers to correct me if I a wrong—that 60 per cent. of tax revenue comes from income tax, national insurance and VAT, which are paid by most people—or everyone,

in the case of VAT. Therefore, everyone will have to contribute more to close the Budget deficit; otherwise that will be impossible.

There is an obscure theorem in economics called Ricardian equivalence, which suggests that in a perfect world of perfect information and perfect markets, a Government do not have to say that they will raise taxes because, in the current situation, people will read the Red Book, see how much the deficit is, and realise that it is inevitable that they will raise taxes. However, most people might not have the time to plough through the 280-odd pages of the Red Book in the way that we Members do, and it is important that the public realise that we will be paying for the mistakes that have been made in economic policy and the management of the public finances for many years to come.

This great recession will cast a long shadow. Unemployment continued to rise in Wales from the early '80s right up until 1986, and the Welsh economy did not begin to pick up again and emerge from that lost decade until the early '90s. I fear that we are facing a similar situation now. The Government have not been honest with the electorate—or possibly even with themselves—about the scale of the challenge we face both in terms of the economy, unemployment and growth and in terms of defending public services, because of the economic hole that I believe the Government have, in part, dug for this country.

4.23 pm

Ms Sally Keeble (Northampton, North) (Lab): The hon. Member for Carmarthen, East and Dinefwr (Adam Price) made an interesting speech, but I do not agree with him that the Government have not been honest or bold. If he wants to compare us with the United States, the tables in the Red Book that have been referred to show that the Americans did implement a large number of discretionary measures, but that was because their automatic stabilisers were so small that they had to have a much bigger discretionary package to deal with the pressures they were facing as a result of the same global recession that we have experienced. Our discretionary package is smaller because our automatic stabilisers are larger—by and large, in line with those of our European partners, with whom our welfare packages and tax systems are also much more closely aligned. The hon. Gentleman is therefore wrong to say that we have acted differently from the Americans. We have dealt differently with some of the macro problems to do with the banks' toxic assets and cleaning up their balance sheets, as well as getting cash flowing again.

Adam Price: But does the hon. Lady accept that some key commentators, not least Nouriel Roubini, the so-called "Dr. Doom", who more than anyone else predicted the worldwide financial crisis, have been critical of the level of the fiscal stimulus in Europe as a whole? The point has been made by a number of US-based commentators.

Ms Keeble: An active debate on the fiscal stimulus took place some time ago, but when one looks at the figures, one finds that the packages that most countries have come up with are roughly similar, give or take a bit. After all the hullabaloo caused when Germany said that this country was doing the wrong thing, the package it has come up with is not dissimilar to ours. I also think that there is a lot of wrongspeak about whether people predicted the crisis.

Angela Eagle: On the fiscal measures alone in this financial year, 2009-10, does my hon. Friend agree—I think that she is making the point very well—that fiscal support worth 4 per cent. of gross domestic product from measures announced in the Budget, combined with what is in the pre-Budget report and the operation of the automatic stabilisers, will make the fiscal expansion in this country one of the largest overall in the G20?

Ms Keeble: Yes, indeed. Giving way allowed me to pick the Red Book up. If one looks at what Germany did, one finds that its discretionary measures were actually larger than ours. Given all the debate that took place and all the criticism that the Chancellor and Prime Minister faced from the Germans, one would never have expected that.

The hon. Member for Carmarthen, East and Dinefwr is also wrong to say that people predicted the crisis. Some hon. Members, particularly the hon. Member for Sevenoaks (Mr. Fallon), who is not in his place but with whom I serve on the Treasury Committee, have listened ever since 2005 to various people, almost all of them men in grey suits, talking about the economy. I did not hear any of them say that we were heading for the biggest ever cataclysm. The only people who were predicting the crisis were the people who have always predicted the collapse of capitalism, and they are to be found in the Socialist Workers party and the Liberal Democrats. Everybody else failed to spot it.

Even at the end of 2007, after the collapse of Northern Rock, people were saying that the situation was difficult but it would get better in the spring. It was not until the collapse of Lehman Brothers that it became absolutely clear that a domino effect was taking place and that we were into something that we had not seen before. The first person who publicly called it, much to my irritation, was the Chancellor on that infamous weekend that he spent in Scotland with that *Sunday Times* journalist.

Mr. Hayes: I certainly do not wish to claim that I predicted the crisis—it would be an unwise Member who did so—but the hon. Lady has to acknowledge that real doubts were expressed by Conservative Members and others about the level of personal debt and, in particular, the dependence of economic growth and prosperity on borrowing. I, like others, argued that the collapse in the savings ratio over the period of this Government was extremely dangerous and jeopardised the future of the economy. That point was continually made, was it not?

Ms Keeble: The hon. Gentleman is absolutely right about the arguments that were made about personal debt, but what was not predicted was the drying up of the wholesale market, the impact on and collapse of Lehman Brothers and then the extent to which the UK retail banks were exposed to the risks involved in Lehman Brothers. I did not hear anybody calling that set of circumstances, despite my having listened and listened. The angst about the level of personal debt is real and a very important discussion took place on whether that should be limited, but one cannot extrapolate from that predictions of what has actually unfolded.

Dr. John Pugh (Southport) (LD): Is it not a strange irony, that although practically nobody predicted the present situation, everybody seems capable of predicting where we are going now?

Ms Keeble: While things were going well, everybody wanted to believe that that was going to continue—

Mr. Bone: No.

Ms Keeble: A lot of people did. It is now really important to learn the lessons of what happened and to work out not only how to prevent it from happening again, which is not the subject of this debate, but how to build our way out of the difficulties that we have experienced. The Government have been very bold—some might say excessively bold—in what they have done through the asset protection scheme and the asset purchase facilities that have been extended. We do not know exactly what the outcomes will be, but such schemes are one way to get the financial markets moving, to get credit flowing and to get things moving again.

The Government have also been bold in picking up some of the immediate pressures and dealing with them in this Budget. The hon. Member for Carmarthen, East and Dinefwr was a bit unfair on this point. He and I were at the same presentation by David Blanchflower. The fiscal stimulus package that he wanted was not huge, and its main focus was a measure to deal with what happens to young people who miss out. The focus in the Budget on the opportunities for 16 to 24-year-olds is very important, even though it is perhaps more modest than David Blanchflower might have liked. I want to see the detail of these provisions because I want quality schemes to be provided, unlike the youth training schemes, youth opportunity schemes and so on that we saw before. The Budget has dealt with some of the issues raised by David Blanchflower in type, if not in scale. The hon. Gentleman and I have both pressed the Government to deal with those issues, too.

Let me talk a bit about housing and about the elephant in the Chamber—the shape of public services and how we fund them. That is a major issue, and we all have an interest in its resolution. I am keen to see improvement in the housing market in terms of people's ability to buy houses and the availability of mortgage finance; I also want the supply of housing to be improved. I am pleased that the Budget has dealt, to an extent, with both those points. More money is being put in, particularly for new builds, which are extremely important, through local authorities and in conjunction with the private sector, in order to ensure the provision of a range of housing and tenures. Again, I want to see the details, because it is important that there should be some qualifications and some clarity about what will happen. I hope that guidance will be given on the cost per unit and so on, as well as specifications for the number of units.

I hope that when money is provided to local authorities to enable them to build, they will be given clear guidance on how procurement should work. My local authority is spending money on getting housing up to standard—it is not building new housing, but carrying out refurbishment—and the procurement is being done in such a way that, so far, all the local firms have been excluded from the tender list and have been unable to bid for work. Particularly during a recession, it is extremely important not only to get the houses built and to obtain good value, but to support small and medium-sized local businesses, so that we retain across the country a good range of skilled workers and people who can win and manage building contracts.

I hope that when the money is provided to local authorities, they are given clear guidance on two points. The first is on having local labour clauses, so that there are no arguments about whether the jobs are being given to British workers, and so that there is clarity about what is expected in terms of making sure that local unemployed people and local young people coming off apprenticeship schemes get the chance of a job. Secondly, local building firms should clearly be given the opportunity to compete for contracts with the very big contractors on a level playing field. Particularly at present, some of the big building firms will try to keep themselves going by picking up public sector work, and the pricing will be very competitive. Unless we make sure that we support small and medium-sized building firms and enable them to keep going, we might find that when the upturn comes, we have the brickies and the plasterers, but not the contract managers and the people who can look after the range of types of contract that we will need.

On the mortgage side, in what may be a hidden part of the Budget, the proposals include those for the mortgage rescue scheme, which is in place now. Four of the big building societies are signed up to it and a number of other building societies are providing similar programmes. It is vital that the money starts flowing again for the provision of mortgages. The most recent figures from the Council of Mortgage Lenders show that there have been improvements. It is important that that continues and that institutions continue to provide the financing for new building schemes in the private sector.

I have been dealing with a case in my constituency in which HBOS reviewed a loan facility provided to a local small or medium-sized developer and withdrew it. As a result, a residential unit, which was to have provided social housing, has been mothballed purely because of a lack of available financing. I ask my hon. Friend the Exchequer Secretary to make absolutely sure that banks that have received public funds stick to their obligations to maintain their 2007 lending levels, and that we get reports quarterly, not just annually. That way, we can be absolutely certain that the banks that the public bailed out are now supporting the public by providing the lending that is needed for recovery.

Mr. Hayes: While the hon. Lady is on the subject of housing—I know that she shares my interest in that subject—will she say a word about HomeBuy? The Government announced £80 million for the HomeBuy scheme, and the estimates that I have suggest that that will help roughly 10,000 buyers. However, given that, even in very bad times, there are about 10,000 applications for mortgages each month from new buyers, is that not an extraordinarily marginal proposal by the Government? Does she see shared equity as a critical way of helping new buyers on to the ladder, as we have done for many years?

Ms Keeble: There are quite a few measures that will help people in different sectors of the housing market, of which HomeBuy is one. It is not a huge scheme, just

as the mortgage rescue scheme is not huge. There is a range of different measures targeted to support different groups of people. Furthermore, although it might sound cruel, the reduction in house prices will help first-time buyers, and the Building Societies Association projects that that reduction still has a bit further to go. Figures that have come out show that the cost of housing as a multiple of income is at its most favourable level for first-time buyers for a long time.

The group about which I am most concerned, to which a lot of people in my constituency belong, comprises those who lose part of the family income, but who still have half a job, or work some hours. They do not qualify for the income-based jobseeker's allowance and so do not qualify for the support for mortgage interest payments. They are the people who will probably have the hardest time in the coming months, which is why I ask the Government to look again at that measure.

Mr. Hayes: But the whole point is that what we actually need is a more fluid housing market, where people—for example, those in local authority housing who want to own their own home—can get on the ladder through shared equity, freeing up social housing for the 4.5 million people who are, I remind the hon. Lady, on local authority housing lists. As she will know, that is a 73 per cent. increase since 1997.

Ms Keeble: I agree, but what will help greatly is the increase in supply that the Government are providing through the Budget. That is really important and will be one of the measures that improves the housing market.

Before I make my main point about the shape of services, I want particularly to welcome the proposals to allow grandparents' care for their grandchildren to be counted towards their pension. That is a really important scheme, which will give practical help to many women who have already taken time out of work to look after their children. It also sends out important signals about support for the family and about our understanding of what people want in terms of caring for their children. I pass on my thanks for that.

One of the big issues we all have to face is that, even without the recession, there were real questions about the future direction of public services and their provision. Because circumstances have changed in the years of Labour Government, people have become used to a different standard of living and different standards of service. Those questions will become more acute now that spending is tighter. As a number of Members on both sides of the House have said, we have to make sure that public spending counts and is even more effective than it has been so far. We need to look at how we provide services and think about not just how we cut, but how we reconfigure. By any measure, cutting services year on year until 2015 would probably destroy the morale of everybody who came into public service, because, by and large, they do so to make sure that public services are provided.

During the lifetime of the Labour Government, people have got used to having more choice of service and more control over the type of service they receive, which is all to the good, but it has profound implications for the range of our delivery agencies. There are many tiers of local government and there are different types of quango and semi-quango and arm's length delivery agencies. We need to take a hard look at them, so that we can have not necessarily a smaller state, but certainly a flatter one without so many quangos and hierarchies of structure. For example, I know of one town where there are two chief executives sitting across the road from one another—I suspect my colleague on the Conservative Benches, the hon. Member for Wellingborough (Mr. Bone), knows about them too. Each of those executives draws a large salary and each has a large bureaucracy serving exactly the same community. We need to give some thought to how such services are delivered in the future, while of course maintaining the democratic commitment.

The one service that the public want to access most acutely is probably the health service, where public pressure for access to drugs such as Herceptin and treatments such as in vitro fertilisation has driven the provision of services, rather than the local purchasing authority. It is all to the credit of the Labour Government that people have got used to a standard of public service that is light years ahead of what they were used to—now, people complain if they have to wait two months for an operation, whereas previously they had to wait two years.

Looking at the way in which a new configuration of services might work and the savings that it might produce, I refer my hon. Friend the Exchequer Secretary to the Treasury to an interesting report—I have already mentioned it to her briefly—by PricewaterhouseCoopers on bridging the fiscal gap. It considers two models: one would make cuts, but PWC finds that completely unacceptable, because it would mean a level of cuts that we had never seen in the public sector; and the other would raise taxes, combining a 2 per cent. rise in VAT, a 1 per cent. rise in all national insurance contribution rates and a £5 billion increase in green taxes, which, again, would test public patience past breaking point.

The report also considers the savings that could be made by reconfiguring public services in a way that maintained front-line services but changed some back-office functions. For example, over the time scales in the Budget, there are projected savings in back-office operations and IT of £8 billion, in collaborative procurements of about £24 billion, and in properties and facilities of about £5 billion. Those figures are indicative, but they certainly posit that, if we think carefully about the services that the public want, the way they want to access them and how they are provided, in a very different world where people want more say and do not want people to purchase for them—in other words where purchasing power is with the public, not with an institution—we can maintain the quality and quantity of public services to which people have become accustomed and still make sensible savings that chime much more with the public mood than heavy tax rises or public spending cuts ever would.

Angela Eagle: My hon. Friend is right to point to the potential savings from collaborative procurement. Some of the work of the operational efficiency programme, the results of which were published the day before the Budget, demonstrate that there is up to a 200 per cent. difference in the price per therm that Departments pay for electricity and gas. Does she agree that such differences must be driven out? Those are potential efficiency savings that would not impact on the front line.

Ms Keeble: I completely agree that there is scope for efficiency savings. It points to changes to the way in which services are provided, so that, instead of having multi-tiered delivery agencies between a Department and the public, the public have much more direct control over the way in which services are provided. That involves much careful thought about service design, implications and ensuring equal access for disadvantaged groups that do not have the same clout as others. It also means ensuring that the people who work for such agencies—an awful lot of whom are women—do not suddenly lose their jobs. Given the current situation and attitudes towards public services, it is important that we think carefully about how our polices are designed and how services are provided. We should not just think, "Let's take a standard model, chop a bit off there, put a bit of tax on there and roll it forward for the next 10 years to a time when, perhaps, the public finances will be balanced again."

The Government have taken some big and important steps towards getting the economy moving again, and in the Budget they have introduced a range of important measures, particularly on housing. I welcome them and look forward to seeing them make a real impact in the community.

4.49 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for Northampton, North (Ms Keeble). She made some very good comments about house building and I can relate them to my constituency. One of my constituents, a builder, cannot get on the tendering list, although I am sure that he would be as cheap and efficient as some of the other builders.

Let us not be under any illusion: this Labour Government have destroyed our economy. It does not matter whether we are talking about new Labour or old Labour—there has been a tax and spend approach, which has increased unemployment. Every time a Labour Government have been thrown out, unemployment has been higher than when they came in—and it will be just the same with this one. We can talk about the global financial crisis and its far-reaching effects on world economies, but the United Kingdom is in a far worse position than most. In fact, our country has the worst public finances in the G20. Under the Prime Minister's stewardship, our country is now in the longest recession since the second world war.

In my constituency, unemployment is more than two thirds higher than it was in 1997. That is not a mistake; it is 67.1 per cent. higher than it was in that year. That is the dire consequence created by the man who spent and spent and never planned for the future economic stability of this country. He is the man who has created the fastest rise in unemployment.

Let me put the issue in the context of families in my constituency. At the end of March 1997, under the Conservative Government, unemployment in my constituency was 1,938—one thousand nine hundred and thirty-eight families were looking at a bleak future. At the end of March 2009, after 12 years of Labour rule, the figure had increased to 3,239, so three thousand two hundred and thirty-nine families—67 per cent. more—were facing such a future.

The Prime Minister built his boom on excessive and increasing borrowing. For 12 years he presided over the lending of billions to individuals against inflated house prices and he has allowed the banks to lend at the most extraordinary level of leverage. His Government borrowed and borrowed with no thought of how his boom would ultimately lead to bust. In this Budget, the Government are to borrow an incredible £175 billion this year and another £173 billion next year—£348 billion in the next two years alone. That assumes that the forecasts are correct, but given that the Chancellor's forecasts have a record of being far too optimistic, no doubt the Government will borrow even more.

The whole thing is rather like a huge balloon that constantly expanded through borrowing. The balloon grows and grows, and as long as borrowing increases the balloon continues to expand. However, eventually something pricks it and there is a huge explosion. The borrowing stops, the balloon bursts and economic growth pours out. When a balloon is pricked, the air does not come out slowly—it gushes out. That is why the recession has been so sudden, sharp and severe.

It is hard to believe that John Major's Conservative Government were thrown out in 1997 because of any mismanagement of the finances. In fact, the economy was growing in 1997. This year, however, the Government are predicting negative growth of 3.75 per cent. of gross domestic product. How do those figures translate to the situation in Wellingborough? I have already said that unemployment there is two thirds higher and that we are in the longest recession since the war. Yet the Prime Minister is still here and the Government stagger blindly along, rather like a rabbit caught in the headlights of a car.

So what is this incompetent Government's solution? It is to borrow even more. We are told in the Budget forecast that public sector borrowing will be 12.4 per cent. of GDP this year, and 11.9 per cent. of GDP next year. In 2013-14, on the Government's own hugely optimistic forecast, public sector net debt will rise to an incredible 79 per cent. of GDP—in other words, twice the golden rule's upper limit of 40 per cent. They decided not to fix the roof when the sun was shining, but, worse still, when they found there was a problem, they sent in a cowboy trader to fix it. They did not call in Trotters Independent Traders—although Del Boy might have done a better job—but Darling and Co., who, like all cowboy traders, said, "Well, guv, the problem's a lot bigger than we first thought—it's going to cost a lot more to fix", and left the problem in a worse state than it was originally.

The Institute for Fiscal Studies stated in "The Green Budget 2009":

> "Labour entered the crisis with one of the largest structural deficits in the industrial world and a bigger debt than most OECD countries, having done less to reduce debt and—in particular—borrowing more than most since 1997."

The Prime Minister's beleaguered quest to throw money he has taken from hard-working taxpayers at trying to fix problems has left this country with an unprecedented amount of debt, which is predicted in the Budget to rise to an extraordinary £1.4 trillion. I believe that he will not be satisfied until he leaves this country bankrupt.

The Prime Minister wanted a huge second financial stimulus at the G20 summit. In fact, he travelled round the world—I remember him missing Prime Minister's

questions because of it—to encourage everyone to adopt that second stimulus, saying that it was absolutely vital; only the courageous decision of the Governor of the Bank of England stopped this. Effectively, he tore up the Prime Minister's cheque book and cut his credit card into pieces. It is unique for a Governor of the Bank of England to disagree so publicly with a Prime Minister, and he would not have taken such a step unless he thought that our economy was in the gravest peril. One auction of Government gilts has already failed; if the Prime Minister had had his way, that would have become a regular occurrence. The IFS says that there is a £39 billion black hole in the public finances. For families in Wellingborough, and across the country, that is equivalent to a tax rise of £1,250, or 8p on income tax.

That is what the Prime Minister has left us with, and it is quite different from what he said in his speech to the CBI in 1997:

"The British economy of the future must be built not on the shifting sands of boom and bust, but on the bedrock of prudent and wise economic management for the long term. It is only these firm foundations that we can raise Britain's underlying economic performance."

He has done just the opposite. In 2002, he said in his speech to the TGWU conference:

"There will be no return to the short-term lurches in policy that would put long-term stability at risk. No relaxing our fiscal disciplines".

Again, he has done exactly the opposite.

I would like to talk briefly about how the Prime Minister's actions have affected my constituents. The Bank of England's base rate is 0.5 per cent., yet the APR on credit cards is rising, not falling. Some banks are sending out special promotional offers—I am sure that Members have seen them—claiming to charge 0 per cent. for six months. In fact, the small print says that there is a 3 per cent. flat fee to start with, and that after the six-month period the normal variable rate will apply. One would think that with the base rate at 0.5 per cent., the variable rate for credit cards should be falling, but instead it is rising. Banks, including the nationalised banks, are raising their interest rates to between 20 and 25 per cent. At a time when the base rate is at its lowest, people in my constituency are being asked to pay bumper credit card interest rates.

Apparently, I am a valued customer of the Royal Bank of Scotland, because it sent me a rather glossy promotional booklet saying:

"An exceptional card. Impressive benefits. Too good to miss? Find out more.

With an RBS Black Card you can look forward to a level of personal attention and exclusive benefits that are second-to-none."

So I thought I had better look at the small print, and it certainly is an exceptional card. Its APR is 51.8 per cent. a year—and that is from a nationalised bank. I kindly turned down the offer.

I am afraid that the situation for businesses is even worse. The Bank of England reduced the base rate to 0.5 per cent., the intention being that the cost to businesses would fall. Unfortunately the reverse is happening, and the nationalised banks have been particularly damaging. Instead of providing more facilities and cutting interest rates, they have actually increased interest rates, imposed extra fees and cut facilities. It is almost as though the banks saw a way of making excessive profits out of companies following their previous ghastly mistakes. I am talking about existing, established and respected businesses that are fighting the recession but are fundamentally sound.

Ms Keeble: The chamber of commerce that covers the hon. Gentleman's constituency and mine hosted a small meeting for me and some businesses at which it complained about charges going up from £100 or so to several thousand pounds. It is a major problem for businesses right across our area, especially the smaller ones.

Mr. Bone: I am grateful to the hon. Lady, who shares my concern about that.

I wish to refer to a specific instance in my constituency. There is an international company headquartered there, with a turnover of £170 million a year and 248 employees. It has a £16 million loan, which it is not seeking to extend. Its bank is one of the nationalised banks, and the rate is linked to 1 per cent. above base rate. If the Government's policy was working, interest rates for that company should fall. But what has this nationalised bank done? It has said, "Oh, no. You're not going to have 1 per cent. over base, you're going to have 4 per cent. over LIBOR."

The company has already had to lay workers off because of the recession. The hike in interest rates means that it will pay an additional £640,000 a year, and to cover that it would have to lay off 20 people. The only way in which it could cover the increase imposed by the nationalised bank would be to lay off 20 people in the research and development department. Although that would cover the costs in the short term, it would greatly damage the future of a leading local company in a field in which it is imperative to remain at the forefront of development. The research and development department is at the cutting edge and does groundbreaking work. It is developing products for use in wind farms and products that reduce weight for transportation—two areas that the Government want to promote. Job cuts to the department would be a huge loss.

On top of the significant extra cost that the company faces during the recession, the bank is charging unjustified fees. For example, it has demanded that the company's budget projections are audited at a cost of £25,000. In effect, it is imposing a £25,000 fee that will merely prove that the company's projections are right. We are not talking about a new company or a fly-by-night company; we are talking about an international company that has been in existence for a long time and is extremely well known.

The Government have announced a number of schemes to help businesses through the downturn, but that company has not been able to access any funds. It appears that a successful, innovative and respected company based in the UK does not qualify for that money. Lots of money that is inaccessible to businesses is sloshing around quangos, and numerous Government schemes, most of which are not even operating, have been announced. For example, only one agreement has been signed as part of the working capital scheme, which Lord Mandelson announced in January and which was said to be "going live" on 16 January 2009.

The position looks even more pitiful if we compare it with the practical help being provided abroad. In France, research and development operations are being encouraged through a scheme that covers 50 per cent. of the cost of

[Mr. Bone]

staffing research and development projects. That practical help will ensure that those companies come out of the recession with a bright future. It is not surprising that the company in my area is having seriously to consider expanding its research and development project abroad, despite having a firm preference to locate it in the United Kingdom. Surely the Government should be encouraging successful businesses to remain in the UK and not to go to France. Let us not forget that the company in my constituency is a well established, international company that is based locally and at the cutting edge of its field. Instead of receiving help and support in the recession, it is being punished by a nationalised bank and this Government. The schemes that have been implemented are simply not working, and the help that is available overseas is threatening to encourage companies from this country to relocate abroad. The Government's policies are failing. They are failing the company in my constituency; they are failing thousands of companies across the country; and they are failing the British people.

5.8 pm

Mr. Mike Weir (Angus) (SNP): I came along today hoping to discuss the environmental and energy aspects of the Budget, which, to be fair, includes some quite good measures in that respect. Unfortunately, we were treated at the outset to a Punch and Judy show between Front Benchers on the question of cuts. Whether one calls it an efficiency saving or a cut, the effect is the same at the end of the day—there is less money for services. The Government are going to cut £1 billion from the Scottish budget over two years. The problem, other than that they are cutting money, is the danger of choking off a recovery, should it start to happen—nobody believes that it will start in the next few months.

We must look at, for example, what President Obama is doing. The state of Maryland has a similar population to that of Scotland. It will receive £2.6 billion in extra funding supporting 66,000 jobs over the next two years rather than destroying jobs with budget cuts. The Government need to look again at what they are doing in that regard. The problem is not confined to Scotland, as the First Ministers for both Wales and Northern Ireland have made similar points.

During the initial exchanges between the Front-Bench teams, the Secretary of State said that people on short-time working were being helped by tax credits. I accept that, but a loophole exists that I have taken up with the Financial Secretary to the Treasury. He was here earlier and I hoped that he would return to the Chamber to hear me make the point again, as I am still waiting for a response.

Many people in my constituency put on short time have ended up working for fewer than the minimum hours required to qualify for tax credits. For those who do not have children, that minimum is 30 hours. People are facing a double whammy—losing wages and also their tax credits—and that is causing a great many problems. I have asked the Treasury whether there is any scope for treating people whose hours have been cut as though they were still working the minimum number, as that would both avoid the double whammy that I have described and help them out of what is a difficult situation.

I appeal to the Exchequer Secretary, who is on the Front Bench at present, to give consideration to that proposal. The problem is serious, and it is getting worse as short-term working increases. Many firms are trying to hold on to people and skills rather than making them unemployed, and the proposal that I have made would be a way to help them out in that regard.

I turn now to the environmental element of the Budget. It makes a good start in some areas, although it remains well below what is known as the Stern test, which is that 20 per cent. of fiscal stimulus should go towards green initiatives. It compares unfavourably with South Korea, for example, which has achieved a rate of 82 per cent.

The Budget has made progress in respect of carbon capture and storage—a subject in which I have had an interest for many years. It is possible that I have bored successive Energy Ministers about it—

John Robertson (Glasgow, North-West) (Lab) *indicated assent.*

Mr. Weir: I see the hon. Member for Glasgow, North-West (John Robertson) nodding at that, but there was a good chance that Scotland could have been well ahead with carbon capture and storage through the Peterhead plant. However, Government indecision dragged on and eventually they decided not to back it, with the result that the project went to Abu Dhabi. That proved to be a disaster, and a great disappointment for the CCS industry.

Since then, the Government have set up a competition that the earlier statement on carbon capture suggested was still grinding on. The Budget papers reveal that £90 million has been allocated to fund companies in that competition to undertake detailed preparatory studies for CCS schemes, with £60 million transferred from the existing transport budgets. I understand that the purpose of the studies is to reduce the technological risk associated with CCS projects and to give greater clarity on costs, but I wonder whether it will merely lead to yet further delays. I am not sure how that interacts with the announcements about CCS made in today's statement for, although it seemed to move things forward, it also left a lot of unanswered questions.

We are very keen, especially in the Scottish context, that the Forth basin and the Longannet plant in particular should be part of the CCS project. As I mentioned in connection with the earlier statement, Scotland has some of the largest carbon storage reserves in Europe in the North sea's saline aquifers and depleted oil and gas fields. It also has the skills from the North sea oil and gas industry to access them, something that will be very important in the development of CCS.

The Budget also makes some tax changes to the petroleum revenue tax and those governing the use of installations for other purposes, both of which are designed to help the development of CCS. However, the Energy and Climate Change Committee, of which I am member, has been conducting an investigation into the oil and gas reserves of the North sea and one company raised a slightly different problem with me. It had a licence for exploration for one part of the North sea. It decided that it was not economic to use that licence for oil exploration, but it thought that it would be possible to use it for carbon capture and storage, which may have had the benefit of extracting some oil from that

area by pumping out the carbon. However, the company tells me that the licence conditions do not allow it to use carbon capture and storage technology, which means that it has to surrender the licence. The Government should look into whether there is any scope for giving a bit more leeway. Carbon capture and storage can also have quite a long lead-in time. Total has launched a scheme in the south of France, but there is a two-year period in which it will be looked at before a decision is taken on whether it is commercially viable, so we need to get moving as quickly as possible.

There are other things that might stand in the way of carbon capture and storage. In questions this morning, I raised the balancing charges being proposed by Ofgem and the National Grid Company with the Minister of State, Department of Energy and Climate Change. Those charges may impact on Scottish generators' ability to invest in new plant, and in carbon capture and storage in particular. The Minister kindly said that he was prepared to meet me to discuss the issue. I will be taking up that invitation, because it is important that we look into the matter.

Transmission charges have long been a problem with renewable generation. It would be dangerous if we did not sort the issue out or if we imposed new charges that affected the ability of Scottish generators to develop carbon capture and storage, especially given that Scotland is nearest to many of the possible storage places. The Government need to look at the issue in the round and not put carbon capture and storage up against the competition without looking into its distribution and the investment that could come from energy companies.

There is also the question whether the Government are considering transferring the carbon to the offshore field or wherever it is ultimately to be buried. Is the intention to build a transmission network for the carbon, once it has been captured, or is it intended to be stored on site? Significant investment will be required if the carbon is to be transferred in order to be eventually stored. The Government also said that we would look into pre and post-combustion, which is welcome.

I also welcome the move to allow greater help for offshore wind energy. However, I noticed that there seemed to be no mention of wave or tidal energy, both of which can be very important. Again, both may be some way from commercial application, but we need the investment to get them up and running, and to strengthen the grid so that they can be fed in. I would like to ask the Exchequer Secretary whether there are any plans to extend the help for offshore wind to wave and tidal power, with a view to moving them forward. As she may know, the Scottish Government have launched the Saltire prize to try to bring that development forward, which has generated a great deal of interest from all over the world.

Angela Eagle: Because wave power is further behind than wind power, there is £405 million for technology transformation, which is aimed at things such as wave power. However, the support through renewables obligation certificates, to try to ensure that the existing potential in offshore wind comes about, is—to use the oil analogy that the hon. Gentleman has been using—further upstream. I hope that that gives him some reassurance.

Mr. Weir: I thank the Minister for that explanation, which clarifies the matter slightly. I promised to allow the final Back Bencher in, so I will end on that point.

5.19 pm

Mr. Charles Walker (Broxbourne) (Con): I thank the hon. Member for Angus (Mr. Weir) for allowing me in. I would have given him a couple more minutes before getting even more fractious in my seat.

I listened to the Budget yesterday in stunned silence. The figures were enormous. When I left here I went on a sort of comfort-eating crusade. Thank gosh I do not smoke or drink or I would have been a mess by midnight. No slice of carrot cake in the precincts of the House of Commons was safe, and when I had worked my way through the various tea rooms, I got home and raided the fridge. I was just trying to come to terms with the enormous figures that had been put before me, and I thought that if I ate, somehow things would become clearer. I put my svelte figure under huge stress last night, but this morning I was back to the muesli.

I understand that over the next five years we shall have increased the national debt by £703 billion. It will probably be more than that, but right now the Government are telling us £703 billion. Our total debt will be well over £1 trillion. There are 12 zeros in a trillion. I have only 10 fingers and thumbs. There are more zeros in a trillion than I have digits. This is an enormous sum of money. The real concern that I have is that I will not be able to pay it back. Personally, Charles Walker will not be able to pay this money back. My peers will not be able to pay it back. Members of Parliament will not be able to pay it back. People of working age will not be able to pay it back. Our children will not be able to pay it all back. Our small children will have this debt around their necks. Even our grandchildren will struggle with the size of this debt. It is truly an enormous sum of money.

Indeed, we may well find ourselves—we do find ourselves—borrowing to fund our borrowings. We will be borrowing money to pay money back on the gilts that become due in any certain year. Every year, a little more than 30 per cent. of income tax receipts will go to fund our borrowings—£43 billion a year. When our constituents pay their income tax, £1 in every £3 will go towards funding the debt mountain. This is a huge sum of money; a frightening sum of money.

I do not want to be churlish because I know that there are many good people in the Government who work hard on behalf of this country. They do not always get it right and they have not got it right this time, but I do not question their integrity for a moment. We were told by the then Chancellor, who is now the Prime Minister, that the Government would borrow only to invest, that he would spend only to invest, but in reality Governments only borrow and spend, however you dress it up. They can borrow prudently and spend prudently, or they can borrow foolishly and spend foolishly. Now, the Government are not borrowing prudently. They are borrowing huge sums of money to bail themselves out of the enormous financial mess that they have got the country into.

I personally blame the previous Prime Minister, Tony Blair. He had this enormous mandate when he came to power in 1997 to reform this country and make real changes to our public services. He allowed the brooding presence in No. 11 to limit his ambitions and aspirations for this country. If only, perhaps in 2000, the Prime Minister of the day had walked over to No. 11 and said,

[Mr. Charles Walker]

"Do you know what? You are beginning to really annoy me. You are a very, very negative influence on this country. You are bad for my karma, and I am going to make you Foreign Secretary. Then I am going to make you Home Secretary to finish you off very quickly." But he never had the courage to front up Gordon Brown, the now Prime Minister, and now we find not just ourselves but generations to come burdened with his foolishness.

One in every £4 that the Government will spend this year and next year and the year after will be borrowed. No family or home could operate on that basis for any length of time, and I really fear desperately for the future of this country if we have yet another year of this Labour Government. They have no credibility or authority left. That is not necessarily their fault, and it is not necessarily a bad thing. All Governments come to the end of their natural life. We have a democracy in this country, and the democratic wheel turns. After 12 years, the public have had enough of new Labour. There is nothing that the Government can do between now and June next year that would enable them to win a general election, so I say to them: "Have the courage to go to the nation now. Go to the nation in June. Let's get this over and done with. You will be beaten in June, but the defeat will be far less severe than if you wait until next year. So, do yourselves and your colleagues a favour: go to the nation now." I did not want this to be a partisan speech, but perhaps it has been slightly so. I do not want to attack anyone in the Government personally, beyond the Prime Minister.

I shall conclude by expressing my concerns about the Chancellor's forecasts. Everyone thinks that they are wildly optimistic, that they are not grounded in reality, and that the Chancellor painted slightly too rosy a picture of the public finances. I am concerned that he perhaps failed to level with the country yesterday, and that he was perhaps not—I shall not say "honest", because I do not want to force you to stand up and ask me to apologise, Mr. Deputy Speaker. The Chancellor is a very decent man, and he really did not want to tell the country quite how bad things were going to be. Thank God that we have the International Monetary Fund, however. A couple of hours after the Budget, it told us how bad things were going to be. It gave us the real picture and told us that there were hard times ahead. I agree with my hon. Friend the Member for Tiverton and Honiton (Angela Browning) who, in her thoughtful speech, said that the British people were very resourceful and brave, and that they were able to face down a challenge. They are up to the challenge, and it is time that all politicians were honest with them and with their constituents.

The money is running out. I wish that it were not. I would like to spend money as though there were no tomorrow, but those days are behind us. We are in for a very difficult number of years, but I would far rather that the years ahead were difficult for me and my generation than for my children and grandchildren. We must all take collective responsibility for the current financial crisis. I enjoyed house prices booming, and I enjoyed cheap credit to the maximum. We have had the good times, we have had the very best times, and we must now face up to our responsibility to ensure that we leave our children and grandchildren a safe economic legacy. We must leave them an economy that will allow them to prosper and to have the best chance to enjoy the things that we have enjoyed. That means us making sacrifices now—not next year, not three years down the road, but now.

5.28 pm

Mr. David Gauke (South-West Hertfordshire) (Con): We have had a fascinating debate this afternoon, with a number of thoughtful contributions. I should like to highlight one or two of them. My hon. Friend the Member for Tiverton and Honiton (Angela Browning) made some important points about the role of savings in our society and the falling savings ratio. She also made a point that she made last year, and I feel that I must correct her again. She claimed to have been born in 1946, but I think that she is misleading the House. She must have transposed those last two numbers. She made that claim in her very valuable speech last year, and she has done it again today. I do wish that she would stop doing it.

My hon. Friend the Member for Sevenoaks (Mr. Fallon) made a thoughtful speech in which he highlighted three requirements for the Budget. He said that it should help the hardest hit, rebalance the economy and address the public finances. He detailed how this Budget and this Government had failed on all three fronts. In particular, he highlighted the schemes that the Government had announced and re-announced, and noted how little they had achieved.

The hon. Members for Crawley (Laura Moffatt) and for Northampton, North (Ms Keeble) highlighted housing issues and the hon. Member for Northampton, North particularly addressed issues connected with the schemes. The hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) expressed his excitement about the Budget's green proposals, although I think most of them were based on pre-publicity rather than what is actually deliverable. Even the Secretary of State for Energy and Climate Change said relatively little about the green proposals, most of which were, like the electric car proposal and as I said, more about gaining publicity beforehand than any kind of delivery.

The hon. Member for Carmarthen, East and Dinefwr (Adam Price) began his speech—an excellent speech, I have to say—by stating that the Government had run out of self-belief. He then made a persuasive case to show that the Government were entirely justified in running out of self-belief.

My hon. Friend the Member for Wellingborough (Mr. Bone) raised a number of important constituency issues. As he has done with some tenacity, he detailed the increasing unemployment levels in Wellingborough—something that the Prime Minister, thanks to my hon. Friend's many interventions, also follows very closely.

The hon. Member for Angus (Mr. Weir) highlighted some of the Budget's environmental issues, while my hon. Friend the Member for Broxbourne (Mr. Walker) revealed how he sat in stunned silence during the Budget speech. If my hon. Friend's stunned silence demonstrates anything, it underlines the magnitude of the difficulties this country faces.

It would be remiss of me if I failed to say a few words about the Secretary of State for Energy and Climate Change. He began by criticising my hon. Friend the

shadow Chancellor for spending most of his speech criticising his opponents, and then proceeded to deliver a speech almost entirely devoted to criticising his opponents. I have to say that his speech appeared to be a rehearsal, or perhaps an audition, for one day being shadow Chancellor. I am not sure whether that is his aspiration.

Mr. George Osborne: His ambition might be higher.

Mr. Gauke: I, for one, believe that the right hon. Gentleman's ambition should be higher. I think the Labour party could do a lot worse—I genuinely mean this—than make the right hon. Gentleman its leader. In fact, it is doing a lot worse, so perhaps he should consider this course sooner rather than later.

This Budget is, as right hon. and hon. Members have argued in today's debate, essentially about the issue of borrowing and debt and the state of the public finances. We have seen a spectacular deterioration in our public finances. Just a year ago, in the 2008 Budget, it was anticipated that we would need to borrow £38 billion this year—a not insignificant sum in itself. Now, however, we are looking at a figure of about £175 billion—the highest level of borrowing in our peacetime history. As the IMF has made clear, we have the highest deficit in the G20.

The figure for debts—an area where we were relatively better placed than many of our competitors—is also pretty frightening. In the early years of this Government or up until relatively recently, it is true that debt fell as a percentage of gross domestic product from 42 per cent. to 36 per cent. As the Institute for Fiscal Studies, and, indeed, my hon. Friend the Member for Wellingborough pointed out, it has fallen less than in the majority of OECD countries during those years, but it is now rising more quickly.

Let us not forget the sustainable investment rule, which says that debt should be no more than 40 per cent. of GDP. We have learned from the IFS today that such is the state of our public finances that the rule is unlikely to be met until 2032. In fact, we are going to see a doubling of the figure in the sustainable investment rule level up to just below 80 per cent.—overtaking in the process the debt levels of France and Germany. Those figures are based on what the Government provided yesterday, yet the real concern persists that what we heard yesterday was an underestimate. Within an hour of the revealing of the Budget figures, the International Monetary Fund predicted that growth would be worse in 2009 than the Government's projection, and that we would still be in recession in 2010.

Conservatives and, I am sure, Members in all parts of the House hope that the Government's figures will be proved right and the IMF's will be proved wrong, but the Government's claim that growth in 2011 will be at 3.5 per cent. is clearly unsustainable. As my right hon. Friend the Leader of the Opposition said yesterday, that is a trampoline recovery. Independent forecasters whose views were published by the Treasury only a month or so ago predict growth at such levels as 2.2 per cent. and 2.6 per cent. in 2011, 2012 and 2013, not 3.5 per cent. It appears that after many years of the Prime Minister's promising that there would be no return to boom and bust, it is the Government's aspiration and hope to return to boom and bust, with another boom in 2011.

Let us look at the small print of what was published yesterday. Paragraph 108 on page 26 of the National Audit Office's "Audit of Assumptions" states:

> "The Treasury has reduced its trend assumption further for Budget 2009, incorporating a permanent reduction in output totalling around 5 per cent, phased in between"

the third quarter of 2007 and the third quarter of 2010. What that means is that the productive potential of the United Kingdom has taken a permanent hit of 5 per cent., yet the Government still think that growth of 3.5 per cent. will be possible in 2011. As the hon. Member for Carmarthen, East and Dinefwr pointed out, there is no historic precedent for that sort of recovery from a recession.

The significance of that is twofold. It makes the claim for growth in 2011 less credible, and it reveals that much of the £175 billion deficit—£140 billion, according to the Institute for Fiscal Studies—is structural. Given the current projections, we are not likely to be able to grow our way out of a recession unless serious measures are taken.

The test of the Budget is whether it represents a credible route out. As we heard from my hon. Friend the Member for Sevenoaks, the Government's record on projecting the public finances is so grim that they consistently overestimate the position, yet even according to these projections we shall have to wait for many years. For the last eight years or so, the Government have tended to say that the Budget will balance in about two years' time. In last year's pre-Budget report the period was extended to six years, and, in this year's Budget, it was extended to eight. Those are hopelessly optimistic assumptions.

Yesterday the Government had an opportunity to explain how to restore the public finances, and they failed to do so. What did we get? We got their proposal to alter their own spending plans in 2011. In 2010, they will still be increasing spending, although they believe that the economy will be growing. As my hon. Friend the Member for Tatton (Mr. Osborne), the shadow Chancellor pointed out, if we use the methodology that the Government have used against us for many years, any reduction of announced spending constitutes a cut. We see this as a cut of £84 billion.

That is not just a pedantic point. At the last election, the Government managed to reach a figure of £35 billion on the basis of an alteration in our announced spending plans. We heard the statements made by Labour Members at the time. The current Chancellor said that it was the equivalent of sacking every teacher, doctor and nurse in the country. Over the past 10 years, the central argument has been that the Government could always afford these big increases in public spending: increases of 4, 5 or 6 per cent. We have argued against that, and in doing so have been portrayed as slashers and burners of public services. We could not afford those increases then, and we cannot afford them now. The question now is how we can deliver quality public services in an age of austerity. The Government, however, continue to search for the old dividing lines, trying to pretend that we are the party that cuts public spending while they are entirely different.

What is the Government's approach to bringing down the deficit? Let us look at tax. They have tried to highlight one issue above all others: the 50p rate. That has the singular achievement of being cynical in at least

[Mr. Gauke]

four respects. First, it is a breach of a manifesto pledge. The Secretary of State for Energy and Climate Change was very keen for the shadow Chancellor to intervene on him, and I am perfectly prepared to let the Secretary of State intervene on me to say whether he denies or accepts that the Labour party's last manifesto stated that it would not raise the basic or top rates of income tax in the next Parliament and therefore that the policy announced yesterday is the clearest and most blatant breach imaginable of a manifesto pledge.

Secondly, it is cynical because it is a distraction from other taxes. In truth, even before the next general election, most of the taxes imposed will apply across the board, such as the fuel duty increases, and the increases in the cost of alcohol and tobacco. However, the really big tax increase will happen after the next general election. As soon as the election is over, Labour will increase national insurance contributions, affecting everyone earning more than £20,000 a year.

Mr. Betts: The hon. Gentleman was talking about manifesto commitments. Will the Conservative party put in its manifesto that immediately after it wins the next general election—if it does—it will reverse the 50p income tax rate? Also, as he has described a black hole that he believes exists in the public finances, will he come clean and spell out precisely the cuts in public expenditure that he would make if he got into power?

Mr. Gauke: The Labour party has announced—under, I suspect, the same methodology that it used at the last election—£84 billion-worth of cuts. The Conservative party position is that our priority will be to try to tackle the tax increases introduced by the Labour party that will affect the many and not the few. Therefore, there is no commitment here to reverse that particular tax rate—but whether we can reverse it or not, the fact remains that it is a cynical policy.

That point brings me to another reason why this tax rate is so cynical. One can see what happened here. As the Government sat down in No. 11 Downing street—or, more likely, No. 10 Downing street—the thinking was not, "How are we going to bring in some tax increases that are good for the UK economy and will not damage its productivity?" Instead, the thinking was more, "What can we do to put the Conservative party in a difficult position?" That is the way that this Government work.

The fourth reason why the policy is cynical is that it will not raise the amount of revenue that has been claimed. We do not dispute that it will raise some revenue, but as the IFS has stated today, no account has been taken of the fall in indirect consumer spending that will result from this tax increase, so the Government will not raise as much money as they claim.

Let me return to the issue of how this Government operate: they are not thinking about what is best for the country; they are not thinking about addressing the fiscal crisis that we face; the way they operate is all about political positioning and trying to damage their opponents. This is all of a piece; it is consistent with the way that this Prime Minister has operated throughout his career. Even when dealing with his own party colleagues, he blocked public services reform because it suited his own internal party position. As Chancellor of the Exchequer, he abolished the 10p tax rate to try to wrong-foot the Leader of the Opposition. It is no wonder there is an atmosphere within Downing street that leads people to believe that there are no limits on what can be done to put pressure on their opponents, as we saw over Easter and in the McBride affair.

This is a Budget that fails to address the long-term needs of the country and ducks the big issues—it is a cowardly and dishonest Budget. Tony Blair's speechwriter yesterday described it as a Budget of a Government preparing themselves for opposition. The Government have neither the ability nor the desire to govern responsibly, and it is time that they made way for those who can.

5.45 pm

The Exchequer Secretary to the Treasury (Angela Eagle): We have had an interesting, at times thoughtful, sometimes amusing and sometimes vitriolic debate this afternoon. I shall first mention a few of the contributions that we have heard.

My hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts), who welcomed the support in the Budget, particularly to prepare for the upturn, gave many examples of companies in his constituency that are preparing for just that. He also rightly pointed out our determination to lead in environmental technology.

The hon. Member for Tiverton and Honiton (Angela Browning), who always makes thoughtful speeches, particularly about retired people, talked about loan sharks and banks in the same breath. We all share her desire to see the standing of financial services and UK banks return from its present point to somewhere reasonable. She also wanted cuts in taxes on investment income, which is a feature of what we hear from the Opposition. They scaremonger about the size of the debts that face us after what is a global shock and then complain about anything that we do in terms of fiscal consolidation to try to raise money and restore the sustainability of the public finances. They always make the basic argument that the deficit is too large and then complain when we try to raise money to shift it.

My hon. Friend the Member for Crawley (Laura Moffatt) again demonstrated her commitment to and experience in housing, and she particularly welcomed the fund that will allow local authorities to build. She emphasised the importance of housing—we share that view—and particularly wished to ensure that we deal with some of the existing shortages. The Budget contains modest but important measures in that regard, despite the problems that we are experiencing in the public finances.

The hon. Member for Sevenoaks (Mr. Fulton) made his usual robust speech. We have shared many years of experience serving on the Treasury Committee and I continue always to enjoy his contributions. He talked about the structural problem of debt, but when we have had a shock of the sort that we have seen in the global financial system, which, without being predicted—my hon. Friend the Member for Northampton, North (Ms Keeble) mentioned that point in her extremely good, thoughtful and interesting presentation—shifts our tax receipts in such an unprecedented way, it is not surprising that a structural deficit occurs. We have to think very carefully about how to restore some of that

tax funding, and I believe that the approach that my right hon. Friend the Chancellor took in his Budget will begin to do that.

The hon. Gentleman, in line with a lot of his party, said that the public sector was too big and has to be cut, but he did not explain quite how he would like to see it cut. I thought that my hon. Friend the Member for Northampton, North made much more interesting comments on the efficiencies that can be driven through the public sector—we have made a beginning on that with the operational efficiency programme—and how collaborative procurement, shared services and a different way of delivering public services are beginning to give us the chance to transform how our services are used. She described this as a "flatter" public service, more driven by its users than providers, and she offered us some important and interesting insights into what the future will be if we can do that in an appropriate way, while protecting front-line services. That is the important difference between the two sides, it seems to me. The question is whether we should slash and burn in the middle of a recession, or take a careful and focused look at how we can deliver real service efficiencies while protecting those on the front line.

The hon. Member for Carmarthen, East and Dinefwr (Adam Price) at least admitted that the Government have put in effect policies that might have—I am quoting him—averted a recession—

Adam Price: A depression.

Angela Eagle: Indeed, a depression. After that, his contribution went downhill. We probably do not agree on much more. He is at least in favour of a fiscal stimulus, and we had some discussion about the size of that. Of course, that puts us on the same side of the argument, against those who said that we could not afford a fiscal stimulus. The Opposition voted against the fiscal stimulus that was a centrepiece of the pre-Budget report. They would have put us in a position where we would have been unable to bring forward the £3 billion of investment that was already planned, as my right hon. Friend the Chancellor announced. We would not have been able to stimulate the economy in order to support people now.

The hon. Member for Wellingborough (Mr. Bone) made his usual trenchant remarks. I hope to see him in the Committee on the Finance Bill, so that we can carry on our jousts there. Naturally, I do not agree that the Labour Government have destroyed the economy. He needs to take into account what is going on outside the country. We have had a massive unexpected global banking shock, which has created the first synchronised global downturn and decrease in world gross domestic product since the first world war—*[Interruption.]* It does not say that anywhere; I am just describing what is happening in the world economy.

I know that it suits the Opposition to pretend that all these problems and the sudden huge shock in our financial services have somehow been generated internally in this country, leading to the deficits that the Opposition go around the country trying to scare people about, but the circumstances of the credit crunch and of events in the global international financial system are unprecedented. Inevitably, those circumstances have had a big effect on all economies in the world, both advanced and developing, and we face major economic challenges as a result. I would have thought that, just once, an Opposition Member might acknowledge that that is going on, instead of peddling the view that all the problems were internally generated in No. 10 and No. 11 Downing street—that we could all have foreseen them somehow and that we have deliberately got ourselves into a situation where we have to deal with a borrowing requirement of 12 per cent. of GDP. If the Opposition were being more honest, rather than talking in their slogans for the forthcoming general election, they would acknowledge that we have been affected by an unprecedented global situation and that we have to recover from that.

It is important that we acted to shore up the banking system. That was essential, but it was done at a cost. Initially, the Opposition opposed our action, then they were in favour of it, then they opposed it again. Their thoughts on what we should be doing to save the global banking system seem to change from one day to the next. They spent years acknowledging that financial services were a major part of our economy and that we are an open and trading economy, but they now blame the Government for the fact that the global downturn is having a greater effect on our economy than on some more closed economies. That is true, because ours is an open economy that had a comparative advantage in financial services. That is why we have been hit more severely than some economies. Japan and Germany, neither of which have large financial sectors in the same way as we do, have been hit even harder because they manufacture and export. They are being hit by the same sort of global slow-down—the stalling of the economic engine—that was the result of the credit crunch.

We have to get the world economy through the present problems, and we have to get this country through the challenges that we face, so we acted to shore up the banking system, despite the Conservatives' less-than-helpful approaches. That was essential, but it had a cost. We acted in the pre-Budget report to provide real help for people and businesses, and that included the fiscal stimulus that the Conservatives voted against. A tax cut for the 22 million basic rate taxpayers will go into their pay packets this April. The Conservatives have to explain to the people of this country why they voted against it. They have to explain why, when things are so challenging and difficult, their priority for expenditure is to spend £1 billion on giving £200,000 each to the 3,500 richest estates in the country. Our priority is giving a tax cut to 22 million basic rate taxpayers. They have to explain why they refused to change their mind about that when they had the chance to do so—the shadow shadow Chancellor, in his usual way, suggested that perhaps they should change their mind about the policy. They have to explain why it continues to be their priority.

The Conservatives also have to explain what they will do about the increase to a tax rate of 50 per cent., which we have had to introduce to deal with the unprecedented situation that we are in. They have to explain why the Mayor of London today announced that he was against it and that the Conservative party should vote against it, when the Conservative Front Benchers are being rather coy about their view. The Conservatives have had much fun talking about potential leadership challenges in our party—they even tried to provoke my right hon. Friend the Secretary of State for Energy and Climate Change, who is doing a fantastic job where he is, to join

[Angela Eagle]

the next leadership contest—but the Mayor of London is stalking the leader of the Conservative party before the latter has got anywhere near the gates of No. 10. He announced that he might not even bother to stand for a second term as Mayor, and that he might be looking for a seat in this place, so that he can see whether he can cause a leadership election in the Conservative party.

Angela Browning: I am sorry to take the hon. Lady away from Boris, but could I bring her back to inheritance tax? We have repeatedly heard from Ministers this afternoon about the £1 billion that the Conservatives would spend on inheritance tax, but if she looks in her Red Book she will see that on the back of the announcement that her Government made following the Conservative party conference, in which they set out their own change to inheritance tax, tax revenues and receipts to the Treasury have exceeded £1 billion. That is the result of her party's policy.

Angela Eagle: The interesting point is that the Conservatives' stated priority—indeed, it has been restated, including last night by the shadow Chief Secretary to the Treasury on "Newsnight", despite the attempts of the shadow shadow Chancellor to get the party to ditch the policy—is to give £1 billion of revenue, at a time when fiscal consolidation is really important, to 3,500 of the most well-off people in the country. It is truly a Conservative millionaire's manifesto, and they keep confirming the policy.

The Budget prepares the economy for the recovery. It ensures that we will be able to protect investment at this most difficult time, so that when recovery comes, we will be best placed to make gains as rapidly as possible, and to restore the prosperity and the balance of our economy following this unprecedented global economic shock. We will always seek to protect the most vulnerable, which is why we announced policies worth nearly £3 billion to protect the unemployed and give a jobs guarantee to 16 to 24-year-olds. We will do those things. We will protect investment. We will be able to rebuild our economy and our public services on a firmer, fairer footing. The alternative, as we have seen—

6 pm

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed on Monday 27 April.

Business without Debate

DELEGATED LEGISLATION

Ordered,

That the Motion in the name of Mr. Pat McFadden relating to Financial Assistance to Industry shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instrument be approved.—*(Chris Mole.)*

REGIONAL SELECT COMMITTEE (NORTH EAST)

Ordered,

That Mr. David Clelland be discharged from the North East Regional Select Committee and Mr. Denis Murphy be added.—*(Chris Mole.)*

Controlling Urban Seagulls

Motion made, and Question proposed, That this House do now adjourn.—*(Chris Mole.)*

6 pm

Mr. Don Foster (Bath) (LD): Given the current financial crisis, using even a small amount of parliamentary time to debate the problems caused by urban seagulls might seem bizarre. However, while we rightly devote much of our time to the financial crisis, we should not lose sight of other issues, especially ones that cause significant problems to many people and cost individuals, businesses and local councils a great deal of money.

I am particularly grateful to Mr. Speaker for giving me the opportunity to raise the issue. I pass on huge thanks to the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Ogmore (Huw Irranca-Davies), who is not in the Chamber because, as he has explained to me, he is on important departmental business. I am, however, delighted to see on the Treasury Bench the hon. Member for Bishop Auckland (Helen Goodman), who I am sure will be a worthy substitute.

I have received numerous complaints in my Bath constituency about urban seagulls. Mr. Henry Brown, chairman of Bath Residents Associations, wrote to me recently about the serious health and safety problems caused by seagulls in Bath. He referred to faeces deposited on tables, chairs and other furniture outside catering premises creating a health hazard; stone pavements and steps rendered slippery by freshly deposited faeces creating safety hazards; aggression towards pedestrians in public spaces and gardens, which is extremely frightening; and the pecking open of refuse sacks, which leaves debris and encourages other vermin, creating further health problems.

A search through local newspapers across the country shows that Bath is not alone. For example, in August last year, the *Daily Mirror* reported:

"A terrified woman in Fraserburgh, Aberdeenshire was left drenched in blood after a seagull protecting its young dive-bombed her. Jean Wemyss, 68, had to have a one-inch gash in her head glued after the attack. 'It felt like someone had hit me with a rock. There wasn't a stitch that wasn't covered in blood.'"

Such results from a bird attack might seem exaggerated, but with a wingspan of four and a half feet, an adult body weight of about 2 lb, a long, vicious beak, a flight speed of 40 mph and sharp claws that are swift to draw blood in an attack, each bird represents an impressive threat as it hurtles through the sky.

The newspapers have hundreds of similar stories—from attacks on people carrying food to birds swooping on bike riders, causing accidents. The headlines illustrate the problem: "Raging Gull", "Pensioner's Horror At Gull Attack", "Hitchcock's Vision Rapidly Becoming Terrifying Reality" and "Vicar Has To Wear Hard Hat To Church After Seagull Attack".

As well as the birds attacking people, urban communities increasingly have to deal with their ear-splitting noise, the mess gulls' excrement makes on rooftops, pavements, cars and windows and the damage they do to buildings—even pulling away lead flashings. It is no wonder that in January the *Daily Mail* ran a story with the rather lengthy headline, "They're noisy, filthy, violent...and they're moving into a street near you. No, not marauding teenagers, but the seagulls invading Britain's inland towns by their thousands."

Before world war two there were no urban seagulls, but the growth of urban landfill sites offered a whole new source of food, especially after the Clean Air Act 1956 put a stop to landfill operators burning rubbish on site. With so much edible waste going into landfill, the large gulls were quick to take advantage. Plenty of food meant plenty of offspring, and previously small, wild populations grew rapidly to the tipping point where their colonies were overgrown. The overspill came to our towns, which have fewer predators and little disturbance. Towns are 4 to 6° C warmer than the surrounding countryside, and street lighting enables gulls to scavenge at night as well as during the day. Gull expert Peter Rock wrote to me, saying:

"Three years ago, I estimated that we had 130,000-180,000 pairs of gulls nesting on rooftops in the whole of Britain and Ireland. It's quite clear that the growth of these urban colonies has been startlingly high. I estimate that by 2019"—

10 years' time—

"we could have over a million gulls nesting on our rooftops. And by then urban gulls will outnumber wild gulls. Once settled in, gulls virtually never return to the wild. They are urbanised for life—a very long time, considering that the average seagull lives to 20 years, and the record is 35."

In my constituency, our seagull colony has doubled in size in just six years, and we now have more than 850 breeding pairs. When non-breeders are added, it means that we already cope with 2,500 seagulls, and the numbers continue to increase rapidly. Other places are in an even worse position. With gull populations expanding rapidly, the problems, previously perceived as little more than an irritation and often with a great deal of mirth, have, instead, become very costly indeed. Repairs to damage, clearing up fouling and mess, nest clearance and so on are obvious areas of expense, but gull noise elicits the vast majority of complaints, affects tourism and the resource from it, causes sleep deprivation in the work force and distresses hospital patients. Attacks from aggressively protective parent birds deter shoppers, with obvious effects on local economies.

A plethora of pest control equipment and deterrence systems has been deployed during the past decade, involving very large sums of money. Looking across the roofs of any town where gulls breed, we see nets, strings, spikes, tensioned wires and even plastic models of owls and helium-filled balloons, and we hear loudspeakers broadcasting distress calls. Birds of prey are sometimes flown, as they are over this Palace, to try to deter nesting, but, despite those interventions, populations have grown rapidly. The gulls have taken everything thrown at them in their stride, and even more recently developed methods do not seem to be working.

Some councils are deploying the method that Peter Rock suggested some years ago, whereby eggs are coated in oil to prevent hatching. Bristol city council, for example, is spending £30,000 a year on certain measures. But, while egg oiling and, latterly, egg replacement can help calm sensitive areas, it does not seem to reduce populations. Rock now says:

"It's just not effective enough; it may simply move the problem around."

[Mr. Don Foster]

Indeed, it is increasingly clear that the solutions that have been tried so far merely move the problem somewhere else. My local council spends thousands of pounds each year on such measures in Bath city centre, but it admits that

"it is noticeable that in the last few years there are more complaints coming from areas outside the city centre where there were previously no problems".

In short, we seem no nearer to an effective solution than we were a decade ago.

The Government have a responsibility to ensure that appropriate research is conducted to help identify solutions. After all, the Department for Environment, Food and Rural Affairs is spending £2 million on the urgent eradication of the ruddy duck. Should it not also research some effective means at least to ameliorate the seagull problem? We certainly know a great deal about the biology of gulls, but most of our knowledge comes from studies of wild colonies. We know which species of fish that they prefer, but that casts no light on the situation in our towns. We know almost nothing about what makes urban gulls so successful, so, if we are to manage this issue properly, we surely need to find out.

We also need to know about issues such as site fidelity, breeding success, foraging strategies, foraging distances, time-energy budgets, chick growth rates, dispensing with migration, survival rates and much more. Most of all, we need to know about how and where urban gulls get their food, what it is and what, in particular, they provide for their offspring. Knowing how and where urban gulls obtain food will enable appropriate and efficient control of food supplies.

Experts are ready and willing to do the work. I know that Bristol university, for example, can be ready to take on preliminary work this season and start fully in 2010. But despite the urgent need for research, at the beginning of this month the Under-Secretary of State for Environment, Food and Rural Affairs wrote to my hon. Friend the Member for Northavon (Steve Webb) saying:

"My department has no plans to fund research into the urban gull population."

I hope that, following this debate, the Department will rethink the issue.

Action is also needed on a number of other fronts. Even if research identifies new solutions, it is unclear how the law will allow them to be used. At present, action against seagulls is allowed via a general licence. This includes a licence that allows the taking and killing and the damaging or destroying of eggs and nests of certain seagull species for the purpose of preserving public health and safety; a general licence can also be issued in respect of ensuring aircraft safety.

At present, such a licence does not allow such activity in respect of nuisance, such as that caused by the noise of seagulls, or damage to property. Given that the vast majority of complaints about seagulls involve nuisance and damage to property, surely there is a case for reconsidering the conditions that surround the issuing of general licences so that those factors are also taken into account? Natural England is currently reviewing the general licence provisions and I hope that the Department will encourage it to take the point on board. The review is already also considering whether to have tighter restrictions on the issuing of general licences in respect of one type of gull—the herring gull.

However, were a distinction to be made between herring gulls and lesser black-backed gulls in terms of what is allowed to be done to limit the numbers, all measures such as egg replacement would simply have to cease, because even experts cannot distinguish between the eggs of the two species. I was therefore pleased to read in a note that I received only today from Natural England that the organisation now appears to recognise that in urban areas

"the control of the Herring Gull population may be desirable".

No final decisions have been made, but it seems that the proposal will be to continue the current general licence terms for urban areas. I hope that the Department will oppose any tightening of the restrictions.

In summary, urban seagull problems have to be resolved. We need research to help us identify effective control measures and greater clarity about the rules allowing such measures to be undertaken. We certainly do not need any moves that will make tackling the problem more difficult. The neighbourhood environment manager of my local council summed it up in an e-mail that she sent me today:

"In terms of help, I feel that local authorities have limited scope to act and are working on their own initiative, when really the problem is regional, even national. There needs to be national commissioned research on the problems created by urban gulls which can lead to actions that local authorities can take together in a co-ordinated way. There is a frustration that nationally the problem is not taken seriously enough. However, at a local level it is an issue that the public feel very strongly about."

Too many people have lived for too long with the menace of the urban seagull. I hope that we can hear tonight what help the Government have to offer.

6.14 pm

Helen Goodman (Bishop Auckland) (Lab): I congratulate the hon. Member for Bath (Mr. Foster) on securing this debate and thank him for agreeing to go ahead with it even though the Government are able to field only a reserve team. The Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Ogmore (Huw Irranca-Davies), to whom the hon. Gentleman says that he has spoken, sends his apologies for not being able to listen in person. He cannot be here because he is at the Agriculture and Fisheries Council in Luxembourg.

The hon. Gentleman set out with characteristic vividness the problems caused by urban gulls. The Government recognise that gulls can be problematic when found in high density in urban areas, such as Bath. We also recognise that measures need to be taken to mitigate such problems. I was interested to hear his statistics and the fact that in Bath the breeding population is now estimated at between 800 and 900 pairs. However, the suggestion that there are between 130,000 to 180,000 pairs of urban gulls is unrealistic. The Joint Nature Conservation Committee estimates, which are based on the seabird colony register census in 2002, show that there are probably some 30,000 pairs of gulls in urban areas out of a total breeding population of 370,000.

The hon. Gentleman asked if more research could be done into the behaviour of urban gulls, but the scientific advice from the Department for Environment, Food and Rural Affairs and Natural England is that it is not clear what further benefits new research into gull behaviour or movements would bring. Gull behaviour is influenced

primarily by the need for food and for safe nesting and roosting sites, regardless of where they may be. Gulls will scavenge and exploit food supplies on the coast as much as inland. Research funding, especially in the present financial circumstances, must be targeted at problems where there are no, or insufficient, solutions, but that is not the case for gulls because a range of well-tested measures, some of which have been researched extensively, can be used to overcome the problems, including adult bird removal, oiling or pricking of eggs—which the hon. Gentleman mentioned—nest destruction and the proofing of buildings. He draws a comparison with the ruddy duck, but that case is different because the ruddy duck is threatening the extinction of white-headed ducks. Nevertheless, DEFRA has commissioned research into the use of immuno-contraceptives in a range of species, including birds. That research is still at an early stage, however, and we do not want to wait for further results before continuing with effective action now.

The hon. Gentleman asked about the legal status of gulls. As he knows, all wild birds are protected under the Wildlife and Countryside Act 1981. However, in some circumstances it is possible to apply for a licence from Natural England to take measures to control problem bird species where there are no other satisfactory solutions. There are several specific purposes, defined in law, for which Natural England may grant licences, including preventing the spread of disease, preserving air safety, the conservation of wild birds, and preserving public health and safety. As he noted, nuisance and damage to property are not legal purposes, but the Government's view is that the problems he has raised fall fairly and squarely within the category of public health and safety.

A build-up of gull populations to problem levels is usually the result of the presence of readily accessible food and/or the availability of attractive habitats for roosting or breeding. While licensed control of bird populations can provide temporary relief, the elimination or reduction of those factors will provide the long-term solution. Access to readily available nutritious food is the single most important factor in boosting gull populations. If that can be denied, the problem may be resolved without recourse to other measures. The Government urge all local authorities and individuals to help address that problem by, first, avoiding the spillage of foodstuffs; secondly, keeping food storage areas secure and bird-proof; thirdly, ensuring that disposal and waste facilities are kept clean and tidy; and fourthly, limiting or preventing the deliberate feeding of birds by the public.

I am not sure whether the hon. Gentleman is aware that local authorities in Devon and Cornwall have had good results by using hessian sacks for rubbish disposal to deter gulls from accessing food. The gulls find it more difficult to deal with hessian sacks than with plastic sacks. I understand that it is proposed to trial the use of hessian sacks in Bath as well, to reduce the availability of food to gulls. If there are lessons to be learned from that, we will look into new techniques that may be more successful than those that are being used at the moment.

The licensing authority, Natural England, sets conditions to ensure that the licences that it issues, including general licences, are appropriate and take account of the risk of the activities licensed and the conservation status of the species concerned. The hon. Gentleman understands that although great black-backed and herring gulls may cause problems locally, there are concerns about the conservation status of those species at national level. As a member state of the European Union, the UK has an obligation to conserve wild bird populations, and Natural England was absolutely right to take that into account in its consultation on general licences. I emphasise, however, that we are taking that action not simply because we have a legal obligation to do so but because we are concerned about the wild bird populations.

There has been a greater than 50 per cent. decline in the breeding population of the herring gull since 1969 and a greater than 50 per cent. decline in the wintering population in the past 25 years. As a result, the herring gull is now listed as a biodiversity action plan priority species and meets the qualifying criteria for a red listing as a bird of conservation concern. The great black-backed gull is a scarce breeding species in England, with a breeding population of only 1,500 pairs. The wintering population of the species has declined by between 25 and 50 per cent. in the past 25 years, so it will be moved from green to amber listing as a bird of conservation concern.

It was for those reasons that Natural England consulted on amendments to general licences. It proposed that the herring gull would be removed from almost all general licences, the exception being that it proposed to continue to allow the destruction of the nests and eggs of herring gulls for the purpose of preserving public health and safety. That proposal recognised the need to mitigate the problems that herring gulls can cause in urban situations and meet the need to provide a licensing regime that is not overly burdensome. For great black-backed gulls, a general licence will be available only for the purpose of preserving air safety.

I stress that although the consultation proposed a reduction in the available general licences, it will still be possible to apply for an individual licence to control those species where they are causing problems. That option is, of course, open to local authorities. Natural England's proposals were aimed at striking the appropriate and proportionate balance between protecting species and mitigating negative impacts in areas where species may be over-abundant. None of the changes that Natural England is proposing will prevent cities such as Bath from continuing to deal effectively with their urban gull populations.

Question put and agreed to.

6.23 pm

House adjourned.

House of Commons

Friday 24 April 2009

The House met at half-past Nine o'clock

PRAYERS

The Chairman of Ways and Means took the Chair as Deputy Speaker (Standing Order No. 3).

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

The House divided: Ayes 0, Noes 43.

Division No. 98] **[9.33 am**

AYES

Tellers for the Ayes:
Mr. Andrew Dismore and Martin Linton

NOES

Ainsworth, rh Mr. Bob
Bailey, Mr. Adrian
Barlow, Ms Celia
Bell, Sir Stuart
Bottomley, Peter
Brokenshire, James
Brown, rh Mr. Nicholas
Campbell, Mr. Alan
Clapham, Mr. Michael
Davies, Mr. Dai
Davies, Philip
Evans, Mr. Nigel
Fabricant, Michael
Fitzpatrick, Jim
Flint, rh Caroline
Gilroy, Linda
Hanson, rh Mr. David
Herbert, Nick
Hoban, Mr. Mark
Irranca-Davies, Huw
Keeley, Barbara
Laing, Mrs. Eleanor
Lammy, rh Mr. David
Lepper, David
Love, Mr. Andrew
Mackay, rh Mr. Andrew
Michael, rh Alun
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
Pearson, Ian
Primarolo, rh Dawn
Pugh, Dr. John
Robathan, Mr. Andrew
Robertson, John
Sheridan, Jim
Smith, Angela E. *(Basildon)*
Spellar, rh Mr. John
Spelman, Mrs. Caroline
Sutcliffe, Mr. Gerry
Thomas, Mr. Gareth
Wicks, rh Malcolm
Wright, Jeremy

Tellers for the Noes:
Chris Mole and Meg Munn

Question accordingly negatived.

BILL PRESENTED

EQUALITY BILL

Presentation and First Reading (Standing Order No. 57)

Secretary Harriet Harman, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Secretary Jack Straw, Secretary Alan Johnson, Secretary Hazel Blears, Secretary Geoff Hoon, Secretary Ed Balls, Secretary James Purnell, the Solicitor-General, Mr. Pat McFadden and Maria Eagle, presented a Bill to make provision to require Ministers of the Crown and others when making strategic decisions about the exercise of their functions to have regard to the desirability of reducing socio-economic inequalities; to reform and harmonise equality law and restate the greater part of the enactments relating to discrimination and harassment related to certain personal characteristics; to enable certain employers to be required to publish information about the differences in pay between male and female employees; to prohibit victimisation in certain circumstances; to require the exercise of certain functions to be with regard to the need to eliminate discrimination and other prohibited conduct; to enable duties to be imposed in relation to the exercise of public procurement functions; to increase equality of opportunity; and for connected purposes.

Bill read the First time; to be read a Second time on Monday 27 April, and to be printed (Bill 85) with explanatory notes (Bill 85-EN).

Co-operative and Community Benefit Societies and Credit Unions Bill

Second Reading

9.44 am

Malcolm Wicks (Croydon, North) (Lab): I beg to move, That the Bill be now read a Second time.

I wish to begin by thanking my right hon. Friends the Members for Islwyn (Mr. Touhig) and for Cardiff, South and Penarth (Alun Michael), my hon. Friends the Members for West Bromwich, West (Mr. Bailey), for Edinburgh, North and Leith (Mark Lazarowicz), for Plymouth, Sutton (Linda Gilroy), for Loughborough (Mr. Reed) and for Sheffield, Heeley (Meg Munn), and the hon. Members for Twickenham (Dr. Cable), for Buckingham (John Bercow) and for Bournemouth, West (Sir John Butterfill) for supporting the Bill. I also wish to record my thanks to officials from the Treasury for their technical support, and to Michael Stephenson and colleagues from the Co-operative party.

Let me place today's debate in context—historical, contemporary and future. Much debate in this House over many decades has been about the respective merits or demerits of private enterprise, as opposed to public ownership or public service. Yet there is, of course, a formidable third sector—I hesitate to use the term "third way"—based on ideals of mutuality or co-operation.

The early ideal and the practice of co-operation more than two centuries ago was a product of its time, the backdrop being industrialisation and urbanisation with the gross exploitation of men and women during that period of rapid economic and social change. Living standards were threatened for those on modest incomes. As young Beatrice Potter, later Mrs. Sidney Webb, wrote in her first book about the co-op movement:

> "The belief in a co-operative system of industry arose in the untutored mind of Robert Owen and, doubtless, in the minds of other English men, as they watched the doings of the stupendous revolution in industry and commerce which engrossed the energies, stimulated and governed the activity of the middle- and working-class from 1770 onwards."

Robert Owen is, of course, a key figure, but many have traced the origins of co-operation or mutuality to a much earlier history. Indeed, there is even a reference that in 203 AD—*[Interruption.]* Given his chuckle, my hon. Friend the Member for Brighton, Pavilion (David Lepper) obviously recalls the reference. In 203 AD, the Romans had mutual insurance societies to provide for death and retirement, so giving an early answer to the Pythonesque question of "What did the Romans ever do for us?"

After a long period of slumber and decline, co-operatives and mutuals are experiencing a renaissance. It could hardly be more timely. With the mainstream banking sector in some disrepute, customers seek a reliable and honest home for their money. With many people looking for ethical alternatives, goods that are fairly traded and produced sustainably make co-ops, both large and small, attractive. Some are also attracted to the idea of what we used to refer to as the "divi", which is not a daily allowance, but an annual one.

Co-ops, mutuals and credit unions are already significant players in the British economy, with total assets in excess of £400 billion and a combined membership of more than 30 million, but now we have the opportunity for a substantial expansion and, in the finance sector, for an alternative both to market structures and to nationalisation.

Renewal is evidenced by three recent significant developments. The Co-operative Retail Society has now combined into one entity, bringing together many separate retail societies and around 2,200 stores. Secondly, the new unified Co-op is taking over more than 800 Somerfield retail stores, which will mean a combined market share of 8 per cent. To serenade the revival, Bob Dylan has allowed "Blowin' in the Wind" to be used as the soundtrack to a new Co-op advertising campaign—I note that the great man is bringing out a new album. Thirdly, the Co-operative bank and the Britannia building society have announced plans for a merger—a new £70 billion "super-mutual" bank.

It is therefore my pleasure to introduce this Bill for its Second reading. The Bill traces its beginnings to a Government consultation of 2007, which reviewed the legislation for credit unions and co-operatives in Great Britain. Responses to that consultation indicated an overall desire to update the legislation for credit unions and co-ops. Although there have been legislative changes in recent years, the bulk of credit union legislation had not been updated for almost 30 years and much of the legislation for co-ops, as embodied in the Industrial and Provident Society Act 1965, was itself a consolidation of 19th-century legislation. The Government's response to the initial consultation was equally emphatic and signalled a desire to legislate.

The consultation identified some 30 or so issues for both credit unions and industrial and provident societies that needed to be addressed in order to bring the legislation in line with international comparators and to meet the commercial realities of the 21st century. The Government plan to take forward the majority of the proposed reforms using a legislative reform order, but there are still some residual issues that can be addressed only through primary legislation, hence this private Member's Bill.

Before I go on to introduce the detailed content of the Bill, I want briefly to highlight the important role that credit unions and co-ops play in today's society and economy. Credit unions and co-operatives, as mutual societies, are inherently different from proprietary companies. They belong to their members and are not answerable to external shareholders. They are therefore able to operate on longer-term planning horizons without pressure for short-term profit or gain. That ethos is even more important in the current economic climate.

Credit unions in Great Britain not only provide for greater choice and diversity in the economy but offer many people on low incomes an opportunity to engage with mainstream financial services. They encourage their members to save in order to become eligible for loans, thereby instilling a savings culture among them—a culture of thrift and caution that must be admired. I witnessed that good work myself on Monday evening, when I was asked to speak about the Bill at the annual general meeting of the Croydon Savers credit union. That credit union has more than 1,000 members and plays a valuable role in my constituency. Perhaps I should declare a potential interest in that, encouraged by the excellent work of my local credit union, I have decided to become a member. I hope in the initial

months to be a saver member, but I never take elections for granted and there is always a possibility that the saving-borrowing situation could change in the future.

Credit unions have also been prolific in supporting savings initiatives such as child trust funds and individual savings accounts. They have historically operated in areas of economic and social deprivation, often being the only means of engagement with the financial system for many who have been financially excluded. They offer an affordable alternative to unscrupulous doorstep lenders, some of whom have been known to charge annual percentage rates that exceed 200 per cent., contributing to increasing debt and misery for thousands of families.

Credit unions are the decent alternative to both the high street banks, which often, sadly, offer little to low-income groups, and the foul loan sharks, charging extortionate interest rates, who stalk single mothers in our most deprived communities. Today there are more than 500 credit unions in Great Britain with nearly 700,000 members and assets in excess of £500 million. From its humble beginnings, the credit union sector has grown from strength to strength.

The contribution of co-operative enterprise to the UK economy is well documented. Co-operative enterprise is at the forefront of responsible business practice including fair trade, ethical policies based on customers' concerns and corporate social responsibility, as well as significant community sponsorship. Co-operatives are also leading innovation in many sectors; Braille on packaging is just one example.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): The way in which my right hon. Friend is tracing the renaissance of the traditional concept of fairness and mutual benefit is compelling. Does he agree that his Bill does more than merely bring a traditional model up to date? It makes that model an ideal option for the internet age and for the types of modern businesses and communications that are playing an increasing part in our society today.

Malcolm Wicks: I agree. I have talked about the co-ops leading on much innovation, and internet business is one example of that and is of great help to many families who have internet access and want to use co-operative and ethical alternatives.

Co-operative enterprises have a distinct community focus, engineering social cohesion and fostering local entrepreneurship. They straddle a wide range of businesses from cottage industries to large enterprises such as the Co-operative Group. Co-operative enterprise continues to grow and there are now more than 8,000 co-operatives registered in Great Britain as industrial and provident societies. As we have seen that is a long and honourable tradition on which we can build.

The recent economic downturn has cast a shadow over much of the financial services sector, yet in all this co-operatives and credit unions continue to persevere and, indeed, to thrive. I want to see a revitalised and self-sustaining co-operative and credit union sector, attracting a new generation of members and offering much needed services to its members. The Bill complements other planned legislative changes that the Government are carrying out. It will allow the sector to expand and place it in a better position to operate in today's competitive economic environment. The Bill will also ensure that important corporate governance improvements can be made to credit union and co-operatives legislation.

There is a distinguished tradition of private Members' Bills for the mutuals sector. Examples abound and include those promoted by my hon. Friend the Member for Harrow, West (Mr. Thomas), who I see in his place, by my hon. Friend the Member for South Derbyshire (Mr. Todd) and, more recently, by the hon. Member for Bournemouth, West, who is one of the sponsors of this Bill.

My hon. Friend the Member for Harrow, West created an enabling power for the Treasury to amend industrial and provident society legislation using secondary legislation in line with any changes to company law. My hon. Friend the Member for South Derbyshire introduced an important power to enable the Treasury to lay secondary legislation to introduce an asset lock for community benefit societies. The asset lock is designed to ensure that on a break-up of an industrial and provident society, assets are not distributed to individuals but are transferred to a society with similar ideals. The hon. Member for Bournemouth, West introduced important changes to building society legislation and facilitated the transfer of a mutual business to another in the mutual family as an alternative to demutualisation. The recent announcement of the proposed merger between the Co-op Group, including its bank, and Britannia building society was made possible by his important legislation.

Mr. Andrew Love (Edmonton) (Lab/Co-op): May I remind my right hon. Friend that that honourable tradition of private Members' legislation goes back even further? In the late '70s, the legislation that set up worker co-operatives was also a private Member's Bill.

Malcolm Wicks: That is a useful reminder.

I shall now turn to the provisions of the Bill, although not in too much detail. It is aimed at modernising the legislative framework for credit unions and co-operatives. I am pleased to inform hon. Members that in addition to making provision for credit unions, this Bill makes provision for co-operatives run for the benefit of their members and co-operatives that are run for the benefit of the community—I am advised that these are often referred to as "bencoms". Indeed, Treasury lawyers wanted me to say, "Or bencoms, as they are popularly known." That is a popularity not known on the streets of Croydon, North, but it just goes to show that what is popular in the Treasury in not always popular elsewhere. During Budget week, I should not have said that—strike it from the minutes!

These bencoms have increased in popularity since their inception in 2002 and many housing associations, social clubs and football and rugby supporters clubs now use the model incorporating an asset lock. Clause 1 provides that all new societies registered under the 1965 Act may be registered as co-operative societies or community benefit societies. Most co-operatives are registered under the 1965 Act. However, while many would agree that co-operatives are indeed industrious, it is a bit of a misnomer to refer to all of them as industrial. There is, of course, the exception of agricultural co-operatives. As for the word "provident" in the Act,

[Malcolm Wicks]

some might argue that it makes the societies sound like institutions of a bygone age, although we hope that they will be provident and prudent in future.

By modernising the name to one that is in common usage, we can help the sector to adopt a modern, 21st-century persona. The introduction of a requirement for new societies to register will also ensure that they can be properly supervised by the Financial Services Authority; that would improve corporate governance in the sector. Clause 2 changes the name of the Industrial and Provident Societies Act 1965 and other Industrial and Provident Societies Acts, and goes a long way towards removing the term "industrial and provident societies" from the statute book.

Clause 3 applies the Company Directors Disqualification Act 1986 to officers of industrial and provident societies, just as it applies to officers of companies, building societies and friendly societies. The 1986 Act provides for the disqualification of officers of companies and various bodies when such officers have seriously mismanaged them. Disqualification means being prohibited for a period from being involved in the management of a company or acting as an insolvency practitioner. Under the law as it currently stands, officers of industrial and provident societies who have mismanaged the society cannot be disqualified. Clause 3 will make their disqualification possible. That will ensure that officers of industrial and provident societies are subject to appropriate sanctions similar to those faced by directors of companies. It will give reassurance to their members and serve as a useful incentive for sound management practices.

Clause 4 gives the Treasury powers to apply to industrial and provident societies certain provisions of company law—on dissolution and restoration of industrial and provident societies to the register, which is kept by the FSA; on investigation of companies; and on company names. It will give the Treasury the power to apply company law on the striking-off and dissolution of defunct societies by the FSA. The provisions include appropriate modifications for co-operatives, so that in the event of dissolution their assets can be transferred to a society with similar objects. That will serve to improve the power of the FSA to deal with societies that remain on the register but have no contact with the FSA. I understand that a number of societies neither file returns nor respond to correspondence.

The law as it stands does not provide the FSA with the tools that it needs properly to deal with the problem and existing procedures for removing defunct societies are cumbersome. The provisions in the Bill will lead to a neater, clearer, quicker and more formal tool to cancel the registration of such societies. Clause 4 will also give the Treasury the power to enhance the FSA's power to investigate companies and requisition documents from industrial and provident societies. The FSA is the registrar of industrial and provident societies in the same way that Companies House, an executive agency of the Department for Business, Enterprise and Regulatory Reform, is the registrar of companies.

Under current law, the FSA has certain powers to investigate industrial and provident societies, but such powers are limited, particularly in respect of those societies that are not regulated by the FSA as providing financial or insurance services. In contrast with that, the Secretary of State for Business, Enterprise and Regulatory Reform has more extensive powers to investigate companies. Clause 4 will enable the Treasury to give the FSA powers of investigation in respect of industrial and provident societies equivalent to the powers that the Secretary of State has in respect of companies. That will increase the FSA's ability to check the proper running of those societies and their corporate governance.

Clause 4 will also give the Treasury the power to apply to industrial and provident societies certain company law provisions concerning names. The FSA, as registrar of industrial and provident societies, already has certain powers in respect of names of societies. For example, it may refuse to register a society under a name that it considers undesirable. However, the Secretary of State has more extensive powers in respect of the names of companies than the FSA has for societies. For example, the Secretary of State has powers to direct a company to change its name if that name is similar to another name on the register or if a company provides misleading information in order to register by a particular name. By enabling the Treasury to give similar powers to the FSA, clause 4 will improve the FSA's ability to regulate the names of industrial and provident societies. Great care has been taken to ensure that the proposed modifications are appropriate to industrial and provident societies, and that they do not create extra burdens.

Finally, clause 5 enables provisions corresponding to building society law to be made for credit unions. The power will allow any provisions of building societies legislation that is deemed appropriate to be mirrored for credit unions. There has been a significant expansion in credit union membership in recent years, and the best way of allowing credit union law to keep pace with credit unions' expanding membership and operations is to be able to bring it into line with building society law, which is tailored to deal with issues specific to institutions that accept deposits. Clauses 6, 7 and 8 deal with technical issues such as the making of consequential amendments and regulations under the Bill, the short title, commencement and territorial extent.

Why is the Bill important? It not only offers an opportunity to make much needed reforms to the legislation on co-operatives and credit unions, but modernises the framework and enhances the corporate governance standards for such societies. Renaming and rebranding them will make the legislation easier to, relate to, and will provide greater appeal to a new, younger generation of members. The Bill comes at a time when the work of credit unions has never been more important, and when ever more consumers are attracted to the ethos and ethics of co-operation and the quality of the product and services offered by such societies.

10.6 am

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I welcome the Bill introduced by my right hon. Friend the Member for Croydon, North (Malcolm Wicks). I, too, think that the ideas and practice of co-operation and mutuality have enjoyed a renaissance in recent years. As he has said, they have an even greater significance during this difficult economic period. I supported a number of the private Members' Bills, to which he has referred, to modernise the law with regard to co-operatives and social enterprises, and I am pleased to do so again in

this case. It is always good to meet fellow co-operators on a Friday morning to update and improve our legislation in this area.

In my contribution, which will be a little briefer than that of my right hon. Friend, I want to illustrate how the co-operative movement of today is important, as he did. It is important not just as an idea of history, including our personal history—how many of us remember our parents' divi number?—but because the ideals of co-operation and mutuality are relevant today and for the future. The Bill will help greatly in that regard. Although it may appear quite technical, my right hon. Friend has explained extremely well how its provisions will make a real difference.

Co-operatives are based on the values of self-help, self-responsibility, democracy and equality. In the tradition of the movement's founders, co-operative members believe in the ethical values of honesty, openness, and caring for others. Co-operatives invariably have strong and special relationships with the communities to which their members belong, and they strive to be socially responsible in their activities. Many co-operatives show this responsibility by making significant human and financial contributions to those communities, both at home and abroad. A good example is the Co-operative bank. In 1992 it became the first UK high street bank to launch a customer-led ethical policy—a policy that sets out where it will and will not invest members' money. It has carved out a niche as the ethical banker.

Co-operatives, contrary to the image sometimes presented, can also be a moving force in innovation, as the Co-operative bank showed by being the first to offer telephone and internet banking. It is also at the forefront of tackling climate change—almost all the electricity used by the Co-operative bank is sourced from renewable wind and water. It is good to report that in recent times, there has been an increase in people wanting to move to the Co-operative bank because of its ethical nature.

David Lepper (Brighton, Pavilion) (Lab/Co-op): Does my hon. Friend agree that the co-operative movement generally, and the Co-operative bank in particular, was a decisive factor in the lobbying among the public that led to the Climate Change Act 2008?

Meg Munn: My hon. Friend makes an extremely important point. The reason why the co-operative movement and organisations such as the Co-operative bank are so strong in helping to achieve such outcomes is that they do not just talk about the issues, but put what they say into practice. So my hon. Friend is right to identify the importance of this aspect of the co-operative movement.

Another feature with which we are now all familiar, but which was not always the case, is that the co-operative movement is a leading champion of fair trade. It was the first major retailer to sell Fairtrade products in its stores back in 1994, and it was the first UK supermarket to launch its own brand of fair trade products in 2000. As a co-operator, I am pleased that the co-operative retail movement is still the leading British retailer for Fairtrade products.

I know how co-operatives go out of their way to promote equality. Succeeding within a co-operative business is a win-win situation—it is great for the individual, for the business and for society as a whole. There is no doubt in my mind about what co-operatives offer to communities. Having seen people in my constituency setting up their own social enterprises, it is clear to me that the co-operative model gives them more than they would get from just setting up a company.

There is no doubt in my mind that the co-operative business model offers a great deal to women. To exploit the potential of co-operative and mutual enterprises, women need access to information on the various business models available. Organisations such as Co-operatives UK have unique expertise in this field. As well as being part of the co-operative world and wanting to see it grow and succeed, they know the issues that have held women back from starting and growing businesses. During my time in what was then the Department of Trade and Industry, alongside my right hon. Friend the Member for Croydon, North, I recall that Co-operatives UK did a great deal of work promoting women in business, particularly through that model, and I was proud to have worked on that.

My right hon. Friend mentioned a large retail society, the Co-operative Group, but there are, of course, retail societies around the country that may be somewhat bigger than when they started out but that are regional in nature. I have great admiration for the Lincolnshire Co-operative Society, and I recall some years ago meeting a number of women employees from its range of businesses. The society was one of the top 50 places where women want to work in this country. At that meeting were women from pharmacy, accountancy and bakery, and a funeral service manager. They told me how working in a co-operative helped them with their work-life balance, and how they were encouraged to build on their work experiences for the mutual benefit of themselves and the co-operative.

Working for the benefit of those around you forms part of the ethos of that other co-operative institution about which my right hon. Friend spoke, the credit union. I am pleased to tell him that I, too, am a member of a credit union and have so far managed to stay on the saving side. Credit unions are not-for-profit organisations, set up for the benefit of their members. The regular process of saving every month or every week, as is the practice in some credit unions, means that members receive loans related to what they can afford, which promotes good practice.

My right hon. Friend rightly mentioned the low rates of interest, and the help and support that enables people who would otherwise struggle to get loans to manage their financial affairs sensibly. Credit unions are essential local institutions, and although they have not received as much attention as I would like on the financial pages, they are as relevant today as they have ever been.

We need our co-operative and mutual sectors to compete more effectively in the future than they have done up to now. They will be able to fulfil their valuable social role, protect their members' asset and provide socially responsible growth. The principal purpose of the Bill helps them to do that by ending all artificial legislative obstacles, thereby levelling the playing field. It has tremendous significance for the mutual sector and the wider economy.

I pay tribute to my right hon. Friend for his work and to the co-operative movement, particularly the Co-operative party, for its help. Putting co-operatives on an equal

[Meg Munn]

footing with proprietary companies in a number of respects must be an essential step, moving us forward in the 21st century. I am pleased to support the Bill, and I thank my right hon. Friend the Member for Croydon, North for bringing it to the House.

10.14 am

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I, too, congratulate my right hon. Friend the Member for Croydon, North (Malcolm Wicks) on bringing the Bill before the House. I look forward to supporting him as it goes forward, I hope, to its future stages. Like many hon. Members present, I have an association with previous legislation, and this is almost the last piece in the jigsaw. It is needed to ensure that co-operatives, community benefit societies and credit unions can go from strength to strength to play their role in our economy at a time when that is needed more than ever.

It is more than 20 years since someone asked me to join the Co-operative party. As I was working in the consumer movement at the time, I was particularly attracted by the way in which it put consumers and their interests first. Having joined the Co-op party, I learned so much more about the history, traditions, values and principles of the movement. Co-operatives are based on the values of self-help, responsibility, democracy, equality, equity and solidarity. As they are so much more than a set of values, history, traditions and principles, the role of co-ops and community benefit societies in the 21st century is set to become increasingly important.

In Plymouth we are blessed with many such organisations. For 149 years we have had the Plymouth Co-operative Society, as it was originally called, which is now the Plymouth & South West Co-operative Society. It is currently in discussions to become part of the Co-operative Group. The Wolseley Community Economic Development Trust is probably the largest of its type in the whole of western Europe. The Millfields Community Economic Development Trust is also a major player in our local economy. We are hoping that a successor body to our new deal organisation, the Devonport Regeneration Company, will be able to develop its own community land trust, which is similar to the type of organisations that we are discussing today.

I am pleased to see my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) in his place. When he visited Plymouth back in 2007, he saw for himself that we have a critical mass of such organisations in our city.

Alun Michael: I am grateful to my hon. Friend for giving way and for referring to that visit, which was undertaken with officials from the Treasury, who were looking at the potential benefit of co-operative models and governance to the wider public service and the wider economy. She has rightly mentioned the critical mass. Does she hope that the Bill will help the building in other parts of the country of similar critical mass to that enjoyed in Plymouth, and would she encourage members of the Treasury team dealing with the Bill to look at the wider lessons that came out of that valuable visit?

Linda Gilroy: I very much agree that that needs to be done, for reasons that I shall go on to describe more fully.

On that day we also visited Playtots, one of several nurseries in the city that run along co-operative lines, and the Hope Credit Union, of which I became member No. 100 a few years ago, and which has gained several hundred more members since then. We also visited the Tamar View community centre in the neighbouring constituency of my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck).

My right hon. Friend the Member for Croydon, North discussed the renaissance in the ideals and values of co-operative organisations, and in an intervention my right hon. Friend the Member for Cardiff, South and Penarth remarked on how appropriate they are to the internet age. My right hon. Friend the Member for Croydon, North comprehensively set out how and why that is happening, and I would like to add a few further thoughts. Their ethos, principles and structure tend to circulate money, which, after all, is only the means of exchange within the local and regional community, which, in contrast to globalisation, promotes a virtuous circle of economic activity. We have seen many benefits from globalisation, but we have failed to reinvent some important checks and balances, and co-operative and mutual organisations will allow us to do that in future. Hence the great importance of this Bill.

The activity of plcs is much more unpredictable and volatile than that of co-operatives. As I often say to my many friends who are concerned about the matter, plcs fund a large part of our insurance and pension industries, so in themselves they are a good thing, but they are less predictable and more volatile than co-operatives, whereas co-operatives allow us to anchor more activity in a local and regional community. Co-operatives work with the grain of what is good about markets. Markets often fail, and worker co-operatives are often used to conduct phoenix rescues of such businesses, which people in my community are particularly well known for implementing. Co-operatives also work to restrain some of the volatility in the open and free markets.

Co-ops, community benefit societies and credit unions can fail and falter themselves, and the Bill contains some important provisions on registration and disqualification of directors in the case of serious mismanagement, which it is important to have on the statute book. Co-operative and community benefit societies have a couple of other important roles that are beneficial to our macro-economy—they may become increasingly important—and to the hard-pressed circumstances that Government funding will find in the future decade and decades, including in our important local government and public services. I wish that I had a pound for every time that someone said to me during my working life, "Linda, I have been running this voluntary service and now the grant has gone. Please don't let them take my grant away." I also wish that I had a pound for every time that someone said to me, "Linda, I have such a good idea. If only somebody would give me some money for it, but I'm told that there is just not enough money to go round." I also wish that I had a pound for every time since I started work 35 years ago with the voluntary organisation Age Concern Scotland that it said, "If only our core funding could be guaranteed."

Effectively, at the moment, there is a cap on social enterprise, but there are many examples of how co-ops and social enterprises have developed trading activities that can release them from that straitjacket. Elected Members here in Parliament and local government should become much more conscious of how we can empower voluntary and community organisations to develop the tools to earn their own core funding, and we should concentrate on providing those tools and making it conditional when a grant is awarded for three, five or even 10 years in some cases, that they should be able to earn by whatever means—it might not even be their core activity; it might be by some trading function—the money that will allow them to become independent and allow those who are elected to fund other organisations. I welcome the Bill and the work of my right hon. Friend the Member for Cardiff, South and Penarth, a copy of whose report I have here, which demonstrates how, in a thoughtful way, we could tackle the tax trap that puts that cap on social enterprise.

By sheer coincidence, late last night someone sent me a think piece on the role of universities in unlocking social enterprise and creating a sustainable and future-facing knowledge city. It is a perspective from Plymouth university, which I want to quote because it has opened my eyes to the extent to which that critical mass operates within my community and the potential that it has elsewhere:

"In 2005, the Annual Survey of Small Businesses UK found that there are 55,000 social enterprises in the UK"—

not all of them, of course, are co-op and mutual or community benefit societies, but many of them are—

"with a combined turnover of £27 billion. Social enterprises account for 5% of all businesses with employees, and contribute £8.4 billion per year to the UK economy. The Cabinet Office states that 'whatever form they take, social enterprises prove that social and environmental responsibility can be combined with financial success'...Research demonstrates that social enterprises enjoy a good survival rate in recessions. In economically challenging conditions, enterprises set up on social principles weather the financial storm and in many cases grow stronger. It is also exciting that social enterprises are usually set up by people who are passionate about creating a business and giving back something to the community...The opportunity this brings for universities to work with talented people means engaging with a new tranche of people and learning more about outreach and delivery in place, working with schools, colleges and other learning providers such as Business Link. The South West region is responsible for almost a fifth...of all social enterprises set up in the UK".

I hope that as my university goes forward as the enterprise university, it will have a strong social enterprise dimension, including community benefit and the co-operative organisations with which the Bill deals today.

I hope that the Bill will not only achieve that but give a new lease of life to some important traditional values at a time when people are looking for something on which to base their future—as my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) said when he was Deputy Prime Minister, traditional values in a modern setting.

10.29 am

Dr. John Pugh (Southport) (LD): The Liberal Democrats support the Bill and it is worth putting on record why. I do not think that we will be alone in that. The Government will support it and a good number of Labour Members here are warm in their support for it. The reason why we support it is obviously that credit unions address the issue of financial exclusion. They deal with people who cannot use banks or who are uncomfortable with using banks. I dare say that more people then ever are uncomfortable with using banks these days. Certainly it is best that such people avoid the loan sharks, which were mentioned by the right hon. Member for Croydon, North (Malcolm Wicks), or the pawnbroker, with all the horrific consequences that they often entail.

The right hon. Gentleman is right to suggest that the time has come for this idea: the time for credit unions is now. He spoke of substantial expansion in this sector—mergers, developments and the introduction of big players such as Britannia. Local authorities now look very positively on credit unions—as something other than a marginal aspect of their work—and the Government look fairly positively on them, too. The thinking is that, perhaps, credit unions should extend their reach beyond the usual groups to which they appeal to people in middle-class and suburban areas who have not thought of them as a viable financial alternative. There is no doubt that credit unions will become an increasingly significant player.

If we accept that credit unions are to become larger, better funded and state supported, however, we must look very hard at governance. There is a dilemma, because although we do not want them to lose their volunteer base, which is their strength, we want them to gain a proper professional approach. The Joseph Rowntree Foundation recently studied credit unions and decided that, in many cases and for no bad reason, they were devoid of a range of skills that would help them enormously in their work: skills in management, in product marketing, and critically, in accountancy.

The Bill provides for those skills, to some extent, by bringing in regulation, because a properly regulated credit union will have to possess those skills or be asked to acquire them. However, the foundation makes the point that, with increasing local authority involvement and state and local authority support, we must be very careful not to denature an organisation so that it becomes something else—just another financial institution. We do not want to diminish the role that people play as individual contributors and depositors.

Some reassurance on that—possibly during the winding-up speeches—would be helpful, as would some reassurance that smaller credit unions, which, perforce, will want to stay small and will stay small, will not be crushed by the burden of regulation. It is important, however, that we do our maximum to encourage probity in those organisations, because probity is crucial to the reputation of credit unions but, in some cases, has not always existed.

There is one point that the right hon. Gentleman did not make, and it is worth considering in the context of the debate. Credit unions often start in working-class areas and provide a method for the community to pull itself up by its own bootstraps, but an unstated and important aspect of their role, which is often missed, is informal financial education. Will the right hon. Gentleman consider whether that, too, should be supported and encouraged by legislation or, indeed, whether legislation can actually do so? That aside, the Bill deserves to progress and may do much good.

10.33 am

Mr. Andrew Love (Edmonton) (Lab/Co-op): I congratulate my right hon. Friend the Member for Croydon, North (Malcolm Wicks) on introducing the Bill, which is an important contribution to the changes taking place in the mutual movement. I congratulate him for several reasons. The Bill is modernising legislation. It will bring industrial and provident societies and credit unions into the 21st century, and that is important at this stage in their development. Crucially, for industrial and provident societies, it will modernise their image: they are finally beginning to get away from their origins in 19th-century philanthropy. The words "provident" and "industrial" in the context of co-operative and credit unions are misnomers, and this change is long overdue.

Dr. Pugh: I hope the hon. Gentleman is not suggesting that there is anything wrong with 19th-century philanthropy.

Mr. Love: The hon. Gentleman can take that for granted. Those organisations were built on the strength of 19th-century philanthropy and owe it a great debt, but they also owe it to current and future generations to be relevant to the purposes for which they are required at this point in their development. This legislation will make a positive contribution to that, and I hope to explain why.

The legislation is also important because it will create a level playing field and protect organisations' assets, as companies' assets are protected. It will also protect the membership, which is often dependent on those who run the organisation, and help to modernise it. The Bill affects a not insubstantial part of the economic and social fabric of our country. My right hon. Friend mentioned that it was part of both the third sector—a very large sector—and of the so-called mutual movement. We are dealing specifically with industrial and provident societies, community benefit societies and credit unions, and they have an important role in providing goods and services for their members and communities throughout the country. The Bill will improve the administration of those organisations.

Coincidentally and interestingly, I received through the post this week, as I suspect other Members did, the first "Mutuals Yearbook 2008", produced by an organisation called Mutuo. The yearbook tells me that the mutuals sector has just over 16,000 member organisations and a United Kingdom membership of 23 million, and that, if members linked arm in arm, they could stretch from London to Sydney and all the way back again. With a turnover of £83 billion a year, it is, by any yardstick, a substantial movement, and it consists of a diverse group of co-operatives. I have been involved with worker, housing and community co-operatives, but in the movement's orbit there are also agricultural co-operatives and various other organisations in different parts of the economy.

The retail and consumer co-operative movement is probably the best part of the sector, as it is so prevalent on high streets throughout the country. As my right hon. Friend mentioned, the Co-operative group recently took over the Somerfield group of companies and, as a result, that co-operative is now the fifth largest retailer in the country, providing significant benefits to its members in communities throughout England and Wales.

Linda Gilroy: My hon. Friend has a long and respectable history in housing, so does he share my puzzlement at the fact that co-operative housing has been a relatively small sector of housing provision in the United Kingdom, and does he hope for a renaissance in co-operative housing development?

Mr. Love: I thank my hon. Friend for that question, because it gives me the opportunity to describe a conundrum: we often talk about the need not to get tied up in housing tenure, so we should talk not about rented or owner-occupied accommodation but about providing good accommodation. Co-operative housing shifts the focus off tenure and tries to deal with quality and the provision of decent standards in housing. I am amazed that, while Scandinavian countries, Canada and many other western countries have significant co-operative housing movements, the United Kingdom, sadly, does not. As policy makers, we ought to think seriously—although perhaps not in this debate today—about trying to create the conditions in which a housing co-operative movement can flourish.

Let me return to the retail co-operative movement. Bob Dylan's "Blowin' in the Wind" has been part and parcel of the Co-operative's insignia and television adverts, and the group has taken over Somerfield; furthermore, Co-operative Financial Services and Britannia building society have amalgamated. Some suspect that the first super-mutual is being created. We can thank the hon. Member for Bournemouth, West (Sir John Butterfill), whose legislation created the conditions under which that could happen. I hope that the Bill will help to create conditions in which the co-operative and credit union movements can go forward.

Credit unions have been growing relatively fast since the original legislation that created the credit union movement came into being in the late 1970s. Currently, there are about 650,000 members of credit unions, with roughly £590 million in assets. We ought to look at the ambition of the movement if we are to grasp the possibilities. In conjunction with the Co-operative bank, credit unions have recently been able to set up current accounts for their members, and many are considering partnerships that will allow them to issue credit cards. Moving into mainstream financial services is the way forward for credit unions, and we must do everything we can to foster that.

At the time of the original legislation in the late 1970s, this country's credit unions, formed mainly through immigrant Irish and West Indian communities, had fewer than 10,000 members and assets of less than £1 million. We can see how much credit unions have advanced in that time, but they have much more to do if they are to be relevant to communities and members throughout the country. I hope that the Bill will allow us to make changes. Credit unions still exist under the framework of the original Act of Parliament, and modernisation is long overdue. I hope that my right hon. Friend's Bill will help to achieve it.

What will the Bill do for co-operatives and credit unions? First, it will allow them to improve their services. Member and customer loyalty is important, and the Bill will help strengthen it. It will help create greater trust. We know, for example, that the public trust building societies much more than banks, and all the evidence says that the public—especially credit union members—also

trust credit unions. Retail and other co-operatives undoubtedly have a strong link with their members, and that trust, which is critical, is fostered in the Bill.

The Bill will help the organisations to respond to community and membership needs, which is also critical. Co-operatives, community benefit societies and credit unions serve particular markets—often markets ignored by the private sector. We have talked about the need of low-income consumers for basic financial services; often, they cannot go to a bank or any other conventional high-street organisation, and credit unions are critical in helping them get such services.

The Bill will help modernise the movement and make it more relevant. It will also help the organisations to innovate. As was mentioned, the 2007 Treasury consultation is pertinent. The members and customers of co-operatives, credit unions and community benefit societies were consulted about what they needed to improve their organisations. Not everything will appear in the Bill, although it does a great deal; other things could be enacted through secondary legislation in the House, and many are critical for the future of credit unions.

I mention, in passing, the issue of the reform of the common bond, on which there has been debate. Sadly, my own Edmonton credit union is no longer with us, but I remember our many debates about how we could form a common bond that would make it possible for it to expand its services. We are beginning to see the need for that type of reform. Payment of interest on accounts happens within other conventional financial services organisations, and it ought to happen in credit unions. The membership of corporate bodies might seem a simple issue, but it could make an enormous difference to the well-being and progress of credit unions up and down the country.

Many of those changes and the changes in the Bill have been promoted by the credit union movement and co-operatives, and the Bill addresses issues for which there is a need for primary legislation. It has the strong support of members and of the organisations concerned, which is why I am pleased that we are here today supporting it. I understand that Government Front Benchers and one of the Opposition parties support it; I wait to hear the position of the other one. I am sad that so few Members are in the Chamber today, but I hope that everyone here supports the Bill.

I turn briefly to the changes to be introduced by the Bill. I am sorry if I am repeating what has already been said, but it is important that we clarify why the Bill is being brought forward. Industrial provident societies will now be registered as co-operative societies or community benefit societies. I would like to be reassured that the newly named co-operative societies will comprise only bona fide societies that have in their rules the Rochdale principles, on which co-operation is based, if they are to qualify to be called co-operative societies. I am not clear whether that is the case, but it is an important consideration. When the Bill is in Committee, I hope that the Minister will give a reassurance that those principles will be a core component of any organisation that calls itself a co-operative society.

It seems plausible and logical that to be a community benefit society, a society must be for the "benefit of the community". That is an important consideration. Not all so-called industrial and provident societies that are supposed to be for community benefit turn out to have a benefit for the community. The upgrade is important and will reassure the public that something called a community benefit society will truly be one.

I mentioned earlier that the Bill would update the language we use, making it relevant to people today and giving them a much more accurate view of what these organisations do. Similarly, clause 2 would change the name of the Industrial and Provident Societies Act 1965 to the Co-operative and Community Benefit Societies and Credit Unions Act 1965. That may sound like a very simple change, but during the passage of previous legislation—other Members here have were present at that time—we have called for a change of this nature to update the name and, without putting it too dramatically, in effect to sweep away industrial and provident societies by renaming them. I congratulate my right hon. Friend the Member for Croydon, North on that—although I have to say that referring to co-operative and community benefit societies and credit unions Acts would be quite a mouthful for those 600,000 credit union members when discussing them at their meetings.

Clause 3 would make credit unions and industrial and provident societies subject to the Company Directors Disqualification Act 1986. One of the most curious anomalies in this area has been that until the time of that Act, these organisations could not disqualify someone who had mismanaged the organisation of which they were part. It seems unbelievable that people could continue to be at the centre of organisations when it was clear that they had totally mismanaged them. The Bill also covers disqualification for criminal conduct—a very welcome clarification that would provide a strengthened role for the membership of these organisations to ensure that they are administered properly.

The benefits of the Bill would be threefold. First, it would in many ways provide a level playing field with other organisations with which these organisations compete in the marketplace. That is very important. Secondly, it would give protection against unfit directors, or trustees as they are called in these organisations, thereby strengthening the membership's role in ensuring that their trustees act in the best interests of their organisation. Thirdly, it would provide transparency, clarity and consistency for members, again strengthening their role, which is vital in terms of their being democratic organisations.

The next part of the Bill would bring certain provisions of company law into operation for industrial and provident societies and credit unions. As a result, some of the secondary legislation that applies to companies would now apply to these organisations, so that they would be able to carry out investigations. That is absolutely vital. A member should be able to go to the registrar and call for action on something, and it should be able to be done; that has not been the case so far. The ability to take action on company names is an important power. Often, names will exist not to provide transparency but to hide the purpose of the organisation. There would be the power to dissolve societies and to remove them from the register—although I think that that would satisfy the Financial Services Authority, which wants to get rid of these organisations, more than their memberships. Those would be welcome changes, updating the legislation to bring it into the 21st century and bringing it up to the standards of legislation covering other companies and organisations.

[Mr. Love]

Clause 5 would align credit union legislation with the existing provisions of building society law. That is very important. As I said, credit union legislation has not been comprehensively updated since the original Act way back in the late '70s. That Act was very proscriptive: it covered almost everything that credit unions could do and limited their room for innovation. The ability to introduce changes that are taking place in building society law would ensure that these organisations do not continue to be left behind. For all those credit union members out there who may be worried about this, the first thing we should say is that none of this would affect the defining characteristics of credit unions. Credit unions would still be financial organisations based in the community and run by their members on democratic principles—important principles that separate credit unions from other financial organisations. Those defining characteristics would be protected in the Bill. Nevertheless, it would facilitate, through secondary legislation, the updating of credit union law to bring it into line with that on building societies, creating a level playing field. These organisations do not want any preferential treatment, but they do not want to be disadvantaged in the marketplace, and the Bill would help to ensure that that does not happen.

What would the Bill do overall to improve the situation for both these types of organisation? Its most important effect would be to increase protection for the ordinary member. For an ordinary member with a deposit in a credit union—I have been one in the past—it would increase the protection they are afforded. For an ordinary retail co-operative member, it would provide reassurance that if something was going wrong, action could be taken. It would modernise the language and the law to bring them into the 21st century. It would—I repeat this point, but it is really important to grasp it—create a level playing field. It would remove unreasonable barriers and burdens that have been placed on industrial and provident societies and credit unions. Much of that would be done through secondary legislation, but the Bill would enable that secondary legislation to occur. On the basis of the provisions in the Bill, including its enabling provisions to make further changes, I commend it to the House.

10.58 am

Mr. Mark Hoban (Fareham) (Con): It is a pleasure to follow the hon. Member for Edmonton (Mr. Love), who speaks on these issues with great passion and eloquence. I thought that he almost argued his case for being a member of the Committee that scrutinises the Bill in referring to the amendments that he envisaged might be tabled to ensure that the Rochdale principles were enshrined in it. I saw the right hon. Member for Croydon, North (Malcolm Wicks) nodding at the prospect of somebody else joining the Bill Committee. If the hon. Gentleman thinks that he might escape joining that Committee by joining the Finance Bill Committee, that might indeed be his only way of salvaging his position.

David Lepper: The hon. Gentleman mentioned the Rochdale principles, as did my hon.—and Co-operative—Friend the Member for Edmonton (Mr. Love). I welcome that, but I hope that they will note that those principles grew out of the work of Dr. William King and his newspaper, "The Co-operator", which was published in Brighton from the late 1820s onwards, and that the Brighton co-operative movement predates that of Rochdale, while contributing to the principles that I hope all Members present wish to support.

Mr. Hoban: It is always interesting to hear about the historical roots of the co-operative movement, and clearly the hon. Gentleman's comments will go down well in the Brighton *Argus*. I am afraid that he was trumped by the right hon. Member for Croydon, North and his reference to the Roman mutual societies. No one is in a position to outdo the Romans' pioneering work in establishing mutuals.

The hon. Member for Edmonton was disappointed so few people were in the Chamber to support the Bill. I think that the Prime Minister is looking to change that with the reforms that he is proposing. His official spokesman said yesterday that he thought they might bring more Members to the House, which would clearly be of benefit on Friday mornings.

The hon. Gentleman asked whether we would support the Bill. He acknowledged that the Liberal Democrats were going to do so, and I see that the hon. Member for Twickenham (Dr. Cable) is a sponsor. I am pleased to say that we, too, will support it. It is very important, as it will modernise the legal framework of co-operatives and protect the interests of the members of co-operatives and industrial provident societies through the provisions that have been expanded on at great length.

The Bill is a link in the chain of private Members' Bills that have been introduced over a number of years to update the legislative framework for industrial and provident societies. I had the pleasure of leading for the Opposition on the Bill that my hon. Friend the Member for Bournemouth, West (Sir John Butterfill) introduced to update the framework for financial mutuals. As a note of caution for the right hon. Member for Croydon, North, I point out that when that Bill received its Second Reading in March 2007 it was greeted with acclamation on both sides of the House, but when it reached its final stages in October 2007 its main purpose was not quite as popular as it had been just a few months earlier. Its main purpose at the time of its Second Reading was to increase the ability of building societies to borrow from wholesale financial markets. The run on Northern Rock rather put an end to that particular purpose, but of course that Bill has now been used to facilitate the merger of different financial mutuals, which is an important purpose. I have to say to the right hon. Gentleman that I have not spotted any provision in this Bill that might lead to a similar ebbing away of popularity over the course of the next few months, but perhaps if there is any, the Minister might be able to point it out to us.

I shall make some general remarks about the importance of the mutual sector before turning to the details of the Bill's proposals. We should not underestimate the vital contribution that co-operatives make to the economy. One in three of the population are members of at least one mutual, and among Members of Parliament that rises to the staggering proportion of seven in 10. That strikes me as a very high proportion and shows that it is not just on the Labour Benches that there is interest in,

and membership of, the co-operative and mutual sector. I myself am a member of a credit union, the Portsmouth Savers credit union, and my wife is a member of the Co-operative Retail Society. The largest supermarket in the part of my constituency in which I live is run by the Co-op, as indeed are many of the convenience stores. Co-ops are sometimes characterised as being something of the north—I say that as someone who was born and brought up in Durham, and whose mother still remembers her dividend number—but the co-operative and mutual societies movement spreads across the whole country. Every community is touched in some way by its work.

There are more than 16,000 mutual organisations, ranging from building societies to NHS foundation trusts—a new approach in which the model of mutualities has been used. Football supporters' clubs are also in the mutuals sector, and mutuals as a whole employ almost 1 million people and serve a membership of 23 million. Not only are mutual societies popular, they have an important contribution to make to the economy as a whole. They have annual revenues of £85 billion and a portfolio of assets of £477 billion, so they play an important role in the economy. As a number of hon. Members have commented, the increased scepticism about some of the more conventional models of ownership has led to a renaissance of interest in mutuals. Of course, the large mutuals compete alongside the very best in the private sector. The hon. Member for Edmonton and others mentioned the acquisition by the Co-op of Somerfield, and in the retail sector we also see the continuing success of John Lewis, which is a partnership and an employee-owned co-operative.

Despite the changes in society, mutuals remain an important part of its fabric. Why is that? Because the very best mutuals harness the power of mutuality to ensure their survival. Good mutuals offer excellent products and services focused on the needs of their customers, as well as strong accountability to their members. Mutuals continually need to justify their existence, and what better way for them to do that than reminding members that they are the owners, and that it is to the owners that the management are accountable? If an organisation's owners are its customers, accountability comes through not just the formal mechanism of meetings but the buying decisions that the members make.

Mutuals are going through a renaissance as mutuality is applied to new areas. The growth of credit unions, on which a number of Members have focused, is a good example. Increasingly, policy makers see benefits arising from models of mutuality, because in many different ways they fill a gap between the public and private sectors. To use an old Blairite phrase, they are the third way, offering the best of each. They are democratically accountable and have a public service ethos, with the characteristics of the public sector, but with dynamism and customer focus, which are often the characteristics of the private sector. They have provided a vital bridge between the public and private sectors, bringing the advantages of democratic accountability and consumer focus.

We are starting to see, for instance through changes in the health service, how mutuals can be used in the provision of services to our communities. In a way, it is an echo of the pre-1945 model of health care. Prior to the introduction of the national health service, a lot of health care was provided by mutuals. Now, as primary care trusts are splitting off some of their provision from their commissioning role, mutuals are again seen as a way of providing a governance framework for the provision of services.

Mutuals are not just a focus of Government policy, but a matter in which the Conservative party is particularly interested. That is why we set up the Conservative co-operative movement—to explore new and creative ways in which communities can deliver public services. I shall give an example from overseas. One thing that we are keen to explore is liberalising the supply side of education by enabling co-operatives to be a vehicle for the governance of establishing new schools. They could play a key role, as parent-run co-operatives provide both accountability and consumer focus. They could retain the public sector ethos yet be dynamic, because they would be freed from unnecessary bureaucracy. That model is used in Spain, where there are more than 600 co-operative schools, and in Sweden where there are nearly 100. There is one co-operative-run school in the UK, in Redditch. We believe that such models can be applied to the provision of public services in future.

What has stood out in the debate is that whether it is new models of public service delivery through mutuals or the way in which co-operatives continue to thrive in providing financial or retail services or as football supporters' trusts, mutuals have thrived despite an arcane legal framework. We welcome the fact that there have been successive moves over recent years to modernise that arrangement and provide co-operatives with the framework that they need to continue to develop in the 21st century. Indeed, that is the purpose of the Bill.

However, we need to be mindful about whether we are creating the impression that mutuals are in every way perfect. As the hon. Member for Edmonton and others pointed out, they are not successful all the time. Sometimes there are problems. That is why mutuals need effective regulation and an effective legislative framework. That is why we need to think for a moment about some of the provisions in the Bill and how they may interact.

Before I do that, however, I want to draw one distinction. In my opening remarks I lumped all mutuals together as a class, but there is quite an important legislative distinction, which comes through in the Industrial and Provident Societies Act 1965 and is repeated in the Bill. The Bill relates to industrial and provident societies, whose remit is set out in the 1965 Act, which makes it clear that a co-operative society

> "does not include a society which carries on, or intends to carry on, business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with, or lent to, the society or any other person."

There is therefore a clear distinction between what industrial and provident societies are able to do and what other mutuals are able to do. Clearly there is a fairly extensive legislative framework for other mutuals, such as building societies, credit unions, which are touched on in the Bill, and mutual insurers, which are regulated much more closely than industrial and provident societies are, by the Financial Services Authority. Of course the FSA regulates industrial and provident societies by operating the register, but it regulates only those industrial and provident societies that are registered under the 1965 Act.

[Mr. Hoban]

In Northern Ireland there is a comparable Act—the Industrial and Provident Societies Act (Northern Ireland) 1969—and the role of the registrar is played by the Department of Enterprise, Trade and Investment. The importance of getting the regulatory regime right for industrial and provident societies is emphasised by some recent events in Northern Ireland and the fate of one particular industrial and provident society, the Presbyterian Mutual Society.

The Presbyterian Mutual Society was registered under the 1969 Act and was strongly supported by members of the Presbyterian Church. Sadly, the society is now in administration, because of a run on it by creditors and members. We should bear in mind the fact that the definition used for Northern Ireland in the 1969 Act is exactly the same as the definition used in the 1965 Act, which applies to industrial and provident societies set up in Great Britain. However, it appears that the Presbyterian Mutual Society was, under the nose of its regulator, the Department of Enterprise, Trade and Investment, acting as a bank. That was not picked up, either by the society's own regulator or by the FSA, in its role as a regulator of financial services.

Because the Presbyterian Mutual Society is outside the regulatory remit of the Financial Services and Markets Act 2000, it is not covered by the Financial Services Compensation Scheme, so its members are dependant upon the outcome of the administration to recover their investments. That will cause a great deal of hardship and uncertainty for its members. According to the investigation carried out by the FSA, the Presbyterian Mutual Society should have sought authorisation from the FSA, but it did not do so. As a consequence, the Presbyterian Mutual Society's members lack the normal protection that members and customers of a financial mutual would have.

The Treasury and the Department of Enterprise, Trade and Investment have announced an investigation of the regulation of Northern Irish industrial and provident societies. However, does the Minister agree that we need to ensure that the investigation looks at why neither the Department of Enterprise, Trade and Investment, as the registrar of industrial and provident societies in Northern Ireland, nor the FSA, the UK's financial regulator, picked up on the fact that the Presbyterian Mutual Society was acting in breach of law?

We owe it to the members of the Presbyterian Mutual Society to consider the issue carefully. I would also like to ask the Minister whether he is confident that the procedures used by the FSA, in its role as registrar of industrial and provident societies, and by the Department of Enterprise, Trade and Investment in Northern Ireland, were sufficiently robust to enable them to spot industrial and provident societies operating in breach of the rules. Is there adequate oversight of the sector to ensure that what has happened to the Presbyterian Mutual Society cannot happen again?

What has happened is, along with the problems with the Dunfermline building society, a timely reminder that mutuals are a hugely important part of the economy. They are trusted by so many people, but they need proper supervision, regulation and legislation. That is an important reason why we support the Bill—because it takes forward those opportunities so much further and provides reassurance to members of industrial and provident societies.

The Bill flows from the consultation that the Government initiated in 2007 on the legislation covering industrial and provident societies and credit unions. The purpose of that review was to identify areas where inflexible regulation hinders operational effectiveness and acts as a barrier to societies being used in the 21st century, and to ensure that their members have the same safeguards that shareholders of companies would have. Bringing the rules that govern industrial and provident societies into line with those that affect companies is an important aspect of the Bill. That is also true of bringing the legislation for credit unions into line with the measures that are already set out for building societies.

The issues covered in the Bill range from corporate governance and accounting standards through to competitiveness. However, as the review indicated, not all the things identified as barriers to operational effectiveness required primary legislation. Some of the issues, such as lowering the minimum age for membership of a society and auditing and capital requirements, can be addressed either through the forthcoming legislative reform order, which has received widespread support from across the mutual sector, or through secondary legislation. The remit of the Bill is important, but it is also quite narrow. The Bill should therefore be seen as only part of the modernisation of the legislative framework for financial and non-financial mutuals.

The Bill will require new industrial and provident societies to register as either co-operatives or community benefit societies, as well as renaming the various industrial and provident societies Acts. The Bill will also apply the Company Directors Disqualification Act 1986 to industrial and provident societies and their management, which is important. Where someone involved in the management of an industrial and provident society has let down its members, we should ensure that they cannot have a management role in a similar society in the future. That provision strengthens the protection for members of industrial and provident societies and gives people much more confidence in the governance of such societies.

Much of the Bill is about enabling the Treasury to bring forward various powers. The Bill gives it the power to apply company law provisions to industrial and provident societies in respect of the investigation of companies, company names and dissolution and restoration in respect of the register. The hon. Member for Edmonton asked whether the FSA was seeking to purge such societies from its register. It is important that someone seeking to find out whether a society is valid and active should be able to consult an up-to-date register. My concern is how, if there are too many societies in the register, including dormant societies, people will be able to be reassured that a society is a valid organisation that is not being used for wrongful purposes. As I said earlier, the Bill also gives the Treasury powers to make provisions for credit unions correspond to any provisions applying to building societies.

I have yet to find a word of criticism for the Bill. *[Interruption.]* The right hon. Member for Croydon, North is encouraging me to sit down. I will do so shortly. The Bill has been greeted with popular support,

which is positive. It is rare that a measure comes to the House about which there is not a word of criticism from some quarter or some corner of life.

The proposal to change the name of industrial and provident societies is certainly necessary. One of the comments in the feedback was that the title "industrial and provident society" was outdated and could even have a negative impact on the sector by appearing old fashioned and out of touch. We want these societies to be seen not as industrial or providential relics of the past but as institutions that are ripe for the 21st century. Going back to a point made by the hon. Member for Plymouth, Sutton (Linda Gilroy), the great phrase from the former Deputy Prime Minister about "traditional values in a modern setting" could also apply to the renaming of these societies. It is funny how all these phrases from the past are proving so helpful in discussing the Bill today.

The synchronisation of the laws governing companies with the laws governing industrial and provident societies is an important provision. Respondents to the consultation felt that there was no reason for mutuals to be treated any differently from other companies. That applies particularly to the disqualification procedures. There were calls for the legislation to go slightly further, and a suggestion that the winding up of mutuals that had become dormant should be simplified, so as to accelerate the process and to make it more akin to the process relating to companies. A response to that suggestion, however, highlighted the need to be mindful of the nature of mutuals, because the objectives of the societies and the requirement for fair treatment of their members mean that the winding up of a dormant mutual must be much more sophisticated than the winding up of a dormant company.

The Bill also makes provision for credit unions, and the consultation summarised the need for a degree of compromise in that area. The trade bodies were unanimous in favouring further consultation on whether there should be a power to assimilate the law for building societies and companies into the law for credit unions. That would mean that credit union law could be kept up to date with the latest developments in related fields by order rather than by primary legislation, which might not be available. Respondents did not want credit union law to fall behind, but were keen to ensure that changes that were made as a result of the Bill were consistent with the nature of credit unions and made only after consultation. It is important to ensure that we do not simply railroad the changes for building societies through wholesale in relation to credit unions as well. As the sector develops and strengthens, we need to ensure that the changes are made in consultation with the sector. We should not lose sight of the unique features of the credit unions; we must ensure that the law preserves them.

There has been widespread support for the proposals in the Bill. It has been welcomed, and we are happy to support it. As I have said, it is not the final word on reform; the legislative reform order will take that further. I would like to raise a couple of points with the Minister. There is some pressure for the implementation of previous changes to carried out. The Industrial and Provident Societies Act 2002 introduced a power which allowed society law to be updated if company law had changed. A number of areas in the Companies Act 2006 have been changed, and societies would like to take advantage of them, but the power under the 2002 Act that would enable them to do so has still to be implemented. Further work needs to be carried out in that area.

The Electronic Communications Act 2000 is also relevant. A number of co-operatives have pointed out that many credit reference agencies use online sources for credit checks these days, but very little information on the societies is available online at the moment. We need to look at that area carefully. If we are to enable co-operatives, industrial and provident societies and other forms of mutual society to compete on a level playing field with private companies, we need to ensure that credit reference agencies can treat them in the same way when getting hold of their information. We need to see what more can be done to ease that process.

This is an important Bill. It is not controversial, and it will give members of industrial and provident societies the legislative framework that they need in order to feel protected, and that will enable them to continue to do their vital work in the 21st century without being seen as relics of an industrial past.

11.25 am

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I am conscious of the fact that there are other important Bills on the Order Paper today, and that many of the points I was going to make have been made by previous speakers, so I shall try to keep my remarks brief. I should preface my comments by saying that I am a Labour and Co-operative Member of Parliament. Prior to my current employment, I spent 18 years as a Co-operative party organiser, and I am now chair of the all-party parliamentary group on building societies and financial mutuals. My experience in those roles will inform the remarks I make.

I wish to join others in congratulating my right hon. Friend the Member for Croydon, North (Malcolm Wicks) on introducing the Bill. My professional background makes me highly sympathetic to it. Its title—the Co-operative and Community Benefit Societies and Credit Unions Bill—is a demonstration of the fact that a family of corporate models is developing to meet the changing needs of our economy and the changing social habits and values of the public. Different models have different aims, but they share two essential features: they are democratically owned and run by consumers, employees, producers or local communities, and the money earned—the profit—is reinvested, for social, educational or environmental purposes and for the local community. There is an emerging consensus among the public at large that this kind of business is the way forward. The old, traditional perception that our economy should be run by shareholder-driven proprietary companies or monolithic public corporations is disappearing. A new model is emerging that is more sensitive to the needs of local communities and that accurately reflects the public's values and aspirations.

From my experience as a Co-operative party organiser, I can remember the 1980s and 1990s, when the co-operative movement struggled to meet the challenge of the aggressive retail multiples, and lost market share as a result. That was partly a result of its outdated corporate legislative base. The public perception of the co-operative movement at that time was of an outdated retail provider that was

[Mr. Adrian Bailey]

not responding adequately to changes in retailing habits. The new co-operatives were often unfairly characterised as the province of sandal-wearing, muesli-munching, long-haired, hirsute members providing for a tiny niche market. I might add that my appearance is totally coincidental in this context. Generally, the movement did not reflect the values and public perceptions of the time. The building societies were also under sustained attack. Privatisation was in the air, and they too were often perceived as anachronistic and not delivering the services that the modern public wanted.

What a transformation there has been in the years since! The excesses of the current banking crisis have clearly demonstrated that mutually owned businesses are far more highly regarded than those that are shareholder-owned or shareholder-driven. The co-operative movement has come of age in many ways. It has reinvented and reformed itself as an ethical provider, going back to its community roots. Its turnover is £27.4 billion and it has assets worth just under £10 billion. It consists of 4,700-plus democratic businesses with about 10 million members. It is a very significant proportion of the economy.

There are 55 building societies, which have 23 million members and assets worth £360 billion—huge organisations of enormous significance and, notwithstanding one or two unfortunate examples such as the Dunfermline, with a record of durability that the proprietary sector simply cannot match. Yesterday, I attended the 160th anniversary of the West Bromwich building society, which is not untypical of these organisations and their history. Perhaps they were seen as anachronistic 20 years ago, but now they are not.

A YouGov survey showed that 90 per cent. of people trusted customer-owned businesses; 84 per cent. trusted employee-owned businesses; just 32 per cent. trusted Government-owned business; and only 20 per cent. trusted shareholder proprietary companies.

Linda Gilroy: The present credit crunch started in the US sub-prime market and it severely affected trust. Does my hon. Friend agree that that is one further factor showing what an important role this sector should play in our macro-economic thinking?

Mr. Bailey: I thank my hon. Friend for her intervention. I agree that a clear demonstration of the point has been the flow of investment from the proprietary banking sector to the building society sector as a result of events following the sub-prime market crisis.

It makes sense for the Government to promote legislation that strengthens the sector, so let me briefly highlight a couple of proposals that I particularly support. First, I support the change of name. Speaking as a Co-op historian, I am very sorry to see the demise of the term "industrial and provident society", which is redolent of those sepia-tinted photographs of moustachioed, waistcoated Victorian gentlemen that I see so often in the Victorian boardrooms of the former co-operative movement, but it does not accord with the wishes and preferences of the modern consumer, which it is important to reflect. Like others, I find it absolutely unacceptable that directors could ruin other businesses or act improperly and that the same actions would be okay for a co-operative.

Lastly, it is important for the continuation of the development of the credit union movement that credit union and building society legislation is brought into line. It is symptomatic of how it is now regarded that people are looking to this sector as a way of strengthening post office services by aligning them with credit union outlets.

I emphasise those issues because they demonstrate the evolution in the perception of this form of corporate organisation and how important it will be in future. I thank my right hon. Friend the Member for Croydon, North for introducing this Bill to accelerate these much-needed processes.

11.34 am

The Economic Secretary to the Treasury (Ian Pearson): I thank my right hon. Friend the Member for Croydon, North (Malcolm Wicks) for his eloquent and erudite introduction to the Bill. He set out the issues clearly and concisely, and his Bill certainly has Government support.

I thank hon. Members who spoke in the debate, because they all made important and valuable contributions. My hon. Friend the Member for Sheffield, Heeley (Meg Munn) spoke about the ethical values embedded in co-operation and the valuable work of co-operators in the community. She highlighted the activities of co-operative banking and its role in reducing greenhouse gas emissions and promoting women in business, both of which initiatives I strongly applaud.

My hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) referred to the 149-year history of the Plymouth & South West Co-operative Society and the Wolseley Community Economic Development Trust and others. I recognise, as do the Government, the important role that co-operation and community development has played in Plymouth. She rightly pointed out the strength of this sector in the south-west and mentioned the role of social enterprises in our economy and their resilience in difficult economic times—something that we all recognise.

Speaking for the Liberal Democrats, the hon. Member for Southport (Dr. Pugh) gave his party's support to the Bill. He mentioned the risk of denaturing the sector, which I know it is aware of and am sure it will avoid. He also mentioned the sector's important role in providing informal financial education. He will be aware that financial education is very high on the Government's agenda. He will also know that, in tandem with the Financial Services Authority, we recently launched pathfinders in north-west and north-east England under the "Money made clear" brand to help promote greater financial literacy in education. We hope that they will be rolled out as quickly as possible, following the announcement in this week's Budget.

My hon. Friend the Member for Edmonton (Mr. Love) supported the change in the name of the industrial and provident society Acts and, in particular, the creation of the level playing field that the Bill seeks to achieve. He pointed to the growth of credit unions and spoke about the level of ambition of the sector. I certainly agree with him in wanting to do more.

My hon. Friend the Member for West Bromwich, West (Mr. Bailey) talked about his 18-year career as a Co-operative party organiser. I well know from the fact that he is a constituency near-neighbour of mine that he

has been a long-standing champion of this sector. He quoted statistics about the people's trust in mutuals and co-operation, which demonstrated a very important point. I am pleased that, although the historian in him might have had reservations about the changing of the name from industrial and provident societies, he nevertheless supports it, as the practical politician and experienced organiser in him probably recognises it is the right thing to do.

As has been noted, the Bill builds on a tradition of previous private Members' Bills proposed by my hon. Friend the Member for Harrow, West (Mr. Thomas), my hon. Friend the Member for South Derbyshire, (Mr. Todd) and the hon. Member for Bournemouth, West (Sir John Butterfill), which sought to update legislation. The Bill contains measures for which the co-operative and credit union sector specifically asked. It will help to modernise the legislative framework for co-operatives and credit unions and put in place appropriate mechanisms to enhance their corporate governance. It will, I am sure, help the sector to continue to flourish, which we all want to see.

Co-operatives and credit unions make an important contribution to the UK's economic and social well-being. Many people's perception of a co-operative will be defined by the local Co-op retail stores that they know and shop at. My hon. Friend the Member for Plymouth, Sutton spoke about their pioneering promotion of Fairtrade products—again, the Government strongly support that. I might add they regularly have some quite stunning wine offers.

Linda Gilroy: The Minister should not forget the role of the Co-op in bringing Divine chocolate to many more customers in the UK.

Ian Pearson: Again, my hon. Friend makes a good point about how the ethical underpinnings of the co-operative movement drive the desire to introduce products that are fair trade and that benefit people in developing countries.

I want to stress, however, that co-operative retailing is only one small part of a bigger story in respect of the mutual sector. Co-operatives now operate in many different sectors of the economy. They are involved in a wide variety of businesses, such as banking, insurance, agriculture and food, livestock and grain marketing, the manufacture of surgical equipment, health food wholesale and distribution, telecoms, and even natural sciences research and development.

Several Members cited figures, and the figures I have show that in the UK alone more than 8,000 co-operatives are registered as industrial and provident societies, with about 19 million members and total assets of almost £120 billion. There are also more than 500 credit unions in Great Britain, with almost 700,000 members and total assets of more than £500 million. As my right hon. Friend the Member for Croydon, North said when talking about the Croydon Savers credit union, for those on low incomes credit unions continue to offer a viable alternative to the unscrupulous doorstep lenders, who often charge interest in excess of 200 per cent. APR. We must do all we can to ensure that credit unions thrive and play an even more important role in the economy. I agree with my right hon. Friend's comment that credit unions are the "decent alternative".

In all this, the common thread of mutuality is that the business is owned by the members and run for the benefit of their members—the savers and borrowers of a credit union, or the farmers in an agricultural co-operative. These businesses have no external shareholders whose interests may be different from those of members. Often, this can give them the freedom to operate on long-term horizons without pressure for short-term gain or profit—something that other business models may not be able to do so easily. Having these different corporate forms enhances choice and competition, to the benefit of all consumers. To stress that mutuals operate for the benefit of members is not to say that only their members benefit from their activities; after all, we all know that not all Co-op shoppers are members. We should also recognise the wider community functions that mutuals often play—for example, the Co-op Group sponsoring the "Pride of Britain" awards and, as my right hon. Friend pointed out, the role of the sector in promoting social cohesion and entrepreneurship.

For all these reasons, it has been a long-standing aim of this Government to see a thriving and self-sustaining mutual sector. We have done a great deal in recent years to help the sector grow and fulfil its potential. We have done that partly through funding. For example, the Government have set up an £80 million growth fund for credit unions and community development financial institutions. A further £18.75 million was announced in this week's Budget, to bring the total to almost £100 million. This fund is providing community-based lenders with additional capital to on-lend to those on low incomes in areas of high financial exclusion and the revenue support to cover the costs of the service. More than 160,000 credit union members have benefited from these loans since the start of the fund in July 2006.

The Government have also taken steps to ensure that the sector has an up-to-date regulatory framework within which to operate. We are taking forward important legislative reforms for credit unions and co-operatives, using a legislative reform order. We propose that the LRO will go through Parliament under the affirmative resolution procedure, so Members will have a further opportunity to debate this subject.

Before concluding, I want to respond to the comments of the hon. Member for Fareham (Mr. Hoban), who spoke on behalf of the official Opposition. He also spoke about the importance of the mutual sector and gave the examples of NHS foundation trusts and football supporters' clubs in addition to the usual areas we talk about in respect of this sector. He mentioned on at least two occasions the renaissance of interest in mutuals, and he is right about that. He also talked about the benefits of democratic accountability and consumer focus, and I am pleased to hear that the Conservative party believes that they are important. I also agree that co-operative models can be applied to the delivery of public services. That is an important area where the Government have already taken action, but I believe that more can be done.

The hon. Gentleman mentioned the Presbyterian Mutual Society. As he is aware, the Department of Enterprise, Trade and Investment in Northern Ireland is the registrar. However, there is nothing in the Industrial and Provident Societies Act (Northern Ireland) 1969 about prudential regulation or hands-on supervision. The onus has been on a society to seek authorisation, in this case from the

[Ian Pearson]

Financial Services Authority, if it was planning to carry on business within the scope of that authority. However, as the legislation does not say anything about prudential supervision, we might need to review it. As he will be aware, in the 2008 pre-Budget report, we announced a review of the framework for credit unions and industrial and provident societies in Northern Ireland, working closely with the Northern Ireland Executive. I hope to be able to publish the findings of that review very shortly.

Mr. Hoban: Does the Minister not think, however, that there is an obligation on the Government here in London and on the devolved Assembly in Northern Ireland to understand why the Presbyterian Mutual Society seemed to disappear beneath the radar of the FSA as regulator of financial services and the DETI in Northern Ireland as the registrar for industrial and provident societies in Northern Ireland?

Ian Pearson: I certainly agree that it is important that we learn the lessons from what has happened with the Presbyterian Mutual Society. These will be considered as part of the review, and, as I have said, I hope to publish its findings shortly.

Mr. Hoban: Will the Minister confirm that those findings will explicitly refer to what happened with the Presbyterian mutual and why its problems were not spotted earlier by the relevant regulatory authorities?

Ian Pearson: At present we are still looking at a draft of the review. As the hon. Gentleman will be aware, it has a wider remit because it is looking at credit unions and industrial and provident societies and the framework of regulation, but we will certainly take on board the points he makes.

The hon. Gentleman also mentioned the powers in the Industrial and Provident Societies Act 2002, and electronic and electronic communications and the need not to hinder the sector in that regard. Those are issues that, if appropriate, we can consider in Committee.

I am pleased to confirm that the Government fully agree with the objectives of the Bill and we support my right hon. Friend the Member for Croydon, North in introducing it. He talked about the work of credit unions never being more important than it is now, and the ethos of co-operation in today's climate is certainly strong and growing. I look forward to the smooth passage of this Bill and to debating the detailed provisions further in Committee.

11.48 am

Malcolm Wicks: This has been a very well-informed and thoughtful debate and, from my point of view, an entirely agreeable one. There has been a remarkable outbreak of consensus, not least with the Conservative spokesman, the hon. Member for Fareham (Mr. Hoban), following a prompt earlier, almost becoming Prescottian in his advocacy of traditional values in a modern setting. May I say to the hon. Gentleman that when I urged him to sit down earlier, I was not being rude? I urged him to do so because he was at the point in his speech where he said that he could find nothing to disagree with, and as I could see that he had a few more pages to go, I thought that they might involve disagreement. However, he continued in his very positive way. Indeed, he was so agreeable that I am tempted this evening, notwithstanding the mentions of Presbyterianism, to open a bottle of Wine Society liquid. Some hon. Members will know that the full title of the Wine Society is the International Exhibition Co-operative Wine Society Ltd. I have never thought of myself as a champagne socialist, but on this brief occasion I am happy to become a chianti co-operator.

Mr. Hoban: I should, of course, have referred to my membership of the Wine Society earlier. The Wine Society demonstrates some of the benefits of mutuality, in that it offers very good quality wine at a lower price because it is not seeking to make a profit from its members. That is a very good example of the practical benefits that many members of the Wine Society enjoy.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I should observe for the benefit of the House, lest the wrong impression be given, that this is, of course, a temperate Chamber.

Malcolm Wicks: Absolutely, Mr. Deputy Speaker. Harold Wilson once said that the Labour party perhaps learnt more from Methodism than from Marxism, and temperance is something that all of my colleagues in the Chamber today have learnt—certainly in theory.

I shall not respond to every point that has been made today. We heard some very good speeches from my hon. Friends the Members for Sheffield, Heeley (Meg Munn), for Plymouth, Sutton (Linda Gilroy), for West Bromwich, West (Mr. Bailey)—he treated us to some good history—and for Edmonton (Mr. Love), and a very important intervention from my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael).

My hon. Friend the Member for Edmonton talked about the importance of the Rochdale pioneers—those on the Conservative Benches of course know the details of those pioneers—and the short answer to his question whether those principles will be reflected in the Bill is yes. Clause 1 states:

> "A society may be registered as a co-operative society only if it is shown to the satisfaction of the Authority that the society is a *bona fide* co-operative society."

No doubt we will be able to look at some of those issues in some more detail—I hope not in great detail—in Committee. The question that he raised was important.

The hon. Member for Southport (Dr. Pugh), who speaks for the Liberal Democrats, made a thoughtful speech. He urged us not to be complacent on some of these issues, and I can see the point that he is making: there will always be a tension between the virtues of smallness—small can be beautiful when it comes to credit unions—and, because many are seeking to expand, enabling modernisation and, in some respects, expansion.

How do we hold on to the virtues of the self-help nature of the credit union? I have mentioned that I attended the annual general meeting of the Croydon Savers credit union, where I saw for myself the 40 to 60 people in that room discussing for an hour and a half or so the nitty-gritty details of a very local, 1,000-member credit union. We need to hang on to those principles.

Indeed, despite the fervour of many of us in favour of mutuality and co-operation, we should remember that we must put those principles into practice.

When one looks back at the demutualisation of part of the building society movement, one finds that it has had catastrophic effects. How many of those demutualised building societies are now independent banking entities? They have been taken over and nationalised. That demutualisation was able to take place—people agreed to take a few hundred pounds to vote for it—because some of those mutuals had lost contact with their members; they were mutual in theory but not in practice. The hon. Gentleman's thoughtful speech reminds us that we must not be complacent and get too carried away with mere rhetoric.

I am very grateful for support from the Liberal Democrats and, indeed, from the hon. Member for Fareham, who made a very good speech. He rather reminded us that sometimes great support for a private Member's Bill can evaporate. He referred to the private Member's Bill promoted by his colleague, the hon. Member for Bournemouth, West (Sir John Butterfill), and that was an important warning. I shall ensure that, with my colleagues in the Treasury, we will scrutinise my Bill most thoroughly to ensure that the Croydon credit union cannot make a late takeover bid for Lehman Brothers. I think that that was the gist of the hon. Gentleman's warning.

The hon. Gentleman also reminded us, from his vantage point in Fareham, that although we often associate the history and much of the strength of the co-op movement with the north, there is a strong southern tradition too. He may note that under my Bill, through an Order in Council, it might be possible for the legislation to apply to the Channel Islands. As someone who is married to a Channel Islander, I know that both Guernsey and Jersey have a thriving co-operative sector. If my geography is right, both are somewhat south of Fareham.

We have had a useful debate, with support across the Chamber. A spirit of consensus has broken out, and we are all co-operators now. That may have something to do with the fact that while those of us on the left in politics are proud of the origins of the co-operative movement as part of a wider labour movement, there is a sense in which many of the virtues of mutuality, thrift, self-help and responsibility strike chords on the other side of the Chamber. That is perhaps the reason for the wide support for the Bill. I look forward to further exchanges in Committee, should that be the will of the House.

Question put and agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Palliative Care Bill

Second Reading

11.57 am

Mrs. Caroline Spelman (Meriden) (Con): I beg to move, That the Bill be now read a Second time.

Like many other hon. Members, I have been through the experience of losing a much loved relative in the sometimes undignified setting of a hospital ward. So my motivation in proposing this Bill is to secure a better quality of life for the final days of people's natural lives.

The Bill aims to confer on patients a right to choose where to receive end-of-life care. I want to make it clear at the outset that "palliative care" should be understood as palliating all types of advanced, progressive and incurable conditions, and not just cancer. The well respected Birmingham cardiologist, James Beattie, came to see me to impress on me the inadequate nature of the provision for his patients with heart failure. That includes those who have undergone a transplant and those who have chosen not to undergo a transplant, who are often seen as not needing palliative care.

I also pay tribute to the work of Dr. Keri Thomas, a GP who decided to specialise in palliative care through her own experience as a GP and realising that more could be done for her patients. She has been responsible for drawing up the gold standard framework for palliative care, which all mainstream parties now accept as something that should be integral to the health service that we provide. However, the provision of palliative care to that standard is still patchy.

The Bill is necessary for several reasons. First, palliative care provision is likely to affect most people in the country. Secondly, as I have said, the commissioning and provision of end-of-life care services is still patchy.

Palliative care depends heavily on the voluntary sector. It is provided in all settings across all sectors by multi-professional teams. Co-ordinating those teams is crucial, and I believe that it requires this legislative pressure.

Palliative care has been on the parliamentary agenda for a number of years. Hon. Members introduced private Member's Bills on the subject in 2005 and 2006 and Baroness Finlay of Llandaff presented a private Member's Bill in the other place in 2007. The right hon. Member for Birkenhead (Mr. Field) has consistently raised the issue of end-of-life care, and although he is unable to be with us today, all hon. Members know how strongly he feels on the subject. He recently articulated those feelings in an Adjournment debate in Westminster Hall, in which he most generously shared part of the very limited time available with me.

My own interest in this subject has been fuelled by the work of the Leveson centre for the study of ageing, spirituality and social policy in my constituency. Dr. James Woodward, who was until recently the director of that research facility, has written thoughtful and original papers on the subject of how we treat those who are nearing death.

Research carried out by the Marie Curie Cancer Care charity shows that the majority of people with a terminal illness want to die at home, yet only one in five achieve that. There were 503,000 deaths in England and Wales in 2006 and 290,000 of those took place in hospital. Those are the most recently available statistics.

Mr. Oliver Letwin (West Dorset) (Con): Does my hon. Friend recognise that palliative care is not only about the elderly as they approach death, but about children? The work of children's hospices in my area shows just how incredibly important palliative care can be for children nearing death, and it shows how much those hospices can provide to avoid those children being hospitalised at the end of their lives.

Mrs. Spelman: I thank my right hon. Friend for that intervention. The untimely death of a younger person or younger member of the family is always difficult for parents who outlive their children and for other members of the family. We all have constituents who have been deeply grateful for the existence of specialised children's hospices and the specialised palliative care that they offer. I am sure that my hon. Friend, too, shares my concern about the security of funding for children's hospices, which I shall come on to later in my speech.

It is stating the obvious to say that we only die once, but it is essential that end-of-life care is provided consistently and to a high standard for all. Although it is very expensive to keep a patient in an acute hospital bed, there is still no adequate lever to enable the funding to follow a patient out of hospital and into the community when they go back home, enter a hospice or return to the care home from which they emanated before their admission to hospital. My Bill aims to ensure that the money follows the patient and is not tied to the bed.

As I am sure is the case for many of my hon. Friends, countless constituents come to my surgeries to tell of the distress caused by inflexible care provision at the end of the life of a loved one. I should explain that the lady whom I am about to mention is content for me raise her case in the House. Very recently, Mrs. Anita Gee of Marston Green came to see me. Her husband, Malcolm, died from a terminal illness and was able to spend his last days at home with his wife. Sadly, the care package that had been promised on his discharge from hospital never arrived, and Mrs. Gee was left to struggle on her own. To make matters worse, she received a bill in the post from the council a short time after her husband's death, charging her for the care that he never received. She has stated:

"It's an extremely vulnerable time in your life. I'm usually on top of things but my brain just stopped. There needs to be something in place so that you don't have to scrabble around making phone calls to ensure your loved one receives the care they need."

That is a poignant reminder to us all of the shortcomings in the present situation. Mrs. Gee's dearest wish is that other families do not have to experience what she did. In raising her case, she hopes that the situation can be improved. I, too, hope that it can be improved not only for my constituents, but for the constituents of all hon. Members.

Surely we are not a country where bureaucracy and pragmatism prosper in the place of flexibility and deep concern for the wishes of individuals. Many terminally ill patients find themselves in a care home setting. Funding of places in care is a vexed issue that can affect the ability of the care home to fulfil the wish of residents to end their days in the place that has become home for them. All too often, through inadequate funding or lack of training, a care home has to get a resident admitted to hospital to ensure that the resident's medical needs are, in their view, better met.

Most residents and their families are unaware that in moving between a care home and a hospital, they make a perilous journey between two Government Departments, whose funding streams are quite different. Many care homes are dependent on local authority funding, which often needs to be topped up by family members to provide a standard of care regarded as acceptable. There is a real crisis in adult social care provision. Costs are increasing at the rate of 6 per cent. per annum, but local authorities receive an average grant increase of 2 per cent. per annum. That needs resolving if care home residents are to secure their wish to receive palliative care in that setting.

The Bill does not extend to Scotland, but the Scottish Commission for the Regulation of Care commissioned a report on the quality of palliative care in care homes, which highlights a number of the issues. Not least of those issues is the fact that 43 per cent. of residents did not have their palliative care needs met. I would be very interested to know the comparable figures for England and Wales; perhaps the Government will make them available. It is good practice for care home managers to discuss with a resident and their family preferences for end-of-life care before the crisis, but it can then be a great disappointment to the resident and the family if expectations so raised cannot be met.

I am not talking about unachievable ideals when I state that every patient should be able to choose where to receive end-of-life care. Marie Curie Cancer Care had a "delivering choice" programme, which ran from September 2004 to September 2008 in Lincolnshire. That important pilot provided a package of solutions to increase the number of people who achieve their wish not to die in an acute care setting. A palliative care co-ordination centre, discharge community link nurses and a community-based rapid response team were set up. There was also training for health care professionals in end-of-life care, and greater support for carers to combat the main problems in the system that keep patients in hospital. A King's Fund report concluded that

"the project in Lincolnshire has significantly increased the proportion of deaths at home and decreased the proportion of deaths in hospital, while keeping the overall combined cost of acute and community care stable for patients with cancer receiving palliative care in the last eight weeks of life."

During this pilot, the percentage of people who achieved their wish to die at home rose from 19 per cent. in 2005-06 to 42 per cent. in 2006-07, so the dream of making every death dignified is achievable, if the money follows the patient to where they want to receive palliative care. Many of those involved in palliative care have pointed out that the fact that Jade Goody managed to achieve the death at home that she wanted has raised awareness that that is achievable.

As laid out in clause 3, "palliative care" means

"care given with the intention of improving the quality of life of persons with a terminal illness",

with an awareness not only of a person's physical needs, but of their psychological, social and spiritual needs. Palliative care is most commonly provided in hospices. There are 153 charitable hospices in England, six of which are run by Marie Curie and six by Sue Ryder Care. In addition, there are 36 NHS hospices.

As hospices are generally the place where palliative care is provided at a consistently high standard, I want to discuss their survival in the current economic climate. In a survey carried out by Help the Hospices in January 2009, only 2 per cent. of responding hospices said that they were not worried about the financial situation.

Another constituent of mine, Mr. William Marjurey, wrote to me last month to express his concern that the Acorns children's hospice in Birmingham is experiencing severe financial difficulties. That hospice published a report in January this year entitled, "Surviving the Recession", to combat the very real threat of the financial crisis. On average, hospices receive only 30 per cent. of their funding from statutory sources. That makes the huge drop in cash donations—down 49 per cent.—a very worrying trend. A further 16 per cent. of hospices said that they were considering closing or reducing their services.

If my Bill were enacted and the money could genuinely follow the patient from an acute care setting back to a hospice where they chose to spend their final days, this would undoubtedly help our hospices through the present difficult economic climate. Such worrying figures highlight the lack of adequate Government funding for the hospice sector. The end-of-life care strategy, which I welcome, promised that

"any new services which are agreed as part of a local strategy should be fully funded from statutory sources",

but it did not address the continued underfunding of current services.

Sue Ryder Care, a leading third sector provider of specialist palliative care and long-term neurological care in the UK, raises funds voluntarily to provide extra services, such as a bereavement centre, and it would ask health care commissioners to pay the true cost of the care that they choose to purchase. I was dismayed to learn, for example, that my local Marie Curie hospice, Warren Pearl, is receiving bills, which it simply cannot meet, for MRI scans for patients in its care from the local NHS trust.

The current palliative care force is equivalent to just 5,233 full-time nurses and 208 doctors. With the annual number of deaths forecast to rise from 503,000 in 2006 to 586,000 by 2030, this number of trained professionals is clearly not adequate to meet the need. In the west midlands, we have struggled, even at the level of specialist provision, to find a pain consultant for a population the size of Denmark's. Dr. Mark Taubert, a palliative care registrar in south Wales, who has undertaken research in this area, has informed me that some out-of-hours GPs fear palliative care issues and often feel out of their depth.

Without adequate training for all health care professionals, acce[illegible]e care for all terminally ill patients will simply n[illegible] possible. Across-the-board training is required for the medical profession, professions allied to medicine and those involved in social care, because no one can be sure when they will be the one who will be accountable for a dying patient. The wrong words can stick like a cracked record in the minds of grieving relatives for years afterwards, not to speak of the hurt that the patient may take to the grave. That situation can be avoided by giving adequate end-of-life-care training across the whole spectrum of those helping someone through to the last days of their life.

It is training in not only delivering palliative care but talking about death that is required. This is a subject on which I know that the right hon. Member for Birkenhead feels strongly. Patients can make an informed choice only if they are themselves informed clearly and sensitively about their prognosis. Death is an area that our death-defying society would happily choose to ignore or brush under the carpet. It has become clinical and awkward to discuss, which does not help to achieve the aim of enabling every person to choose where they die. I welcome the General Medical Council's plan to publish guidance entitled, "End of Life treatment and care: Good practice in decision-making", consultation on which is under way.

The opening sentence of the NHS constitution, which is referred to in the new Health Bill, states:

"The NHS is there to improve our health and well-being...and when we cannot fully recover, to stay as well as we can to the end of our lives."

A shift in our thinking about death and care of the dying is required. The social, health and family affairs committee of the Council of Europe published a report in November 2008 on palliative care, which states that the protection of fundamental rights is a Government task and should not be left to the pushing and pulling of pressure group politics.

I hope that in introducing the Bill discussion will not be unduly guided away from the matter in hand towards the idea held by some that it is our right to choose not only where to receive palliative care but when life should be ended. I want the House to concentrate on how to provide dignified end-of-life care, so that people do not feel that they have to resort to ending their life prematurely. I firmly commend the palliative care charities, such as Macmillan, Marie Curie and Sue Ryder Care, and the many independent hospices that are working through the recession to deliver an invaluable service to their community. I commend the Bill to the House.

12.18 pm

Dr. John Pugh (Southport) (LD): I congratulate the hon. Member for Meriden (Mrs. Spelman) on bringing forward a Bill on this important and entirely relevant topic. I support passionately palliative care and, like her, I have profound doubts about euthanasia. To some extent, successful palliative care gets the Government and the nation off the hook in the euthanasia debate, because one of the strongest arguments for euthanasia is the avoidance of unbearable and unnecessary pain, and without good palliative care models that simply is not possible. Where there are good models, it may be possible.

The reality is that we all die and most of us will die undergoing some sort of medical treatment, and there is normally a ready equation of medical treatment with cure. Doctors and hospitals are people and institutions that fix us; that is how we usually look at the matter. However, it is a sad truth that most people die in hospital and it is a truth that, by and large, hospitals seek to avoid and to disguise. They avoid acknowledging that people die, and people die on wards opposite people who may well get better.

I spent a short period as a hospital porter, and one chore that I had to do from time to time was to remove people who had died from the wards. It was always

[Dr. John Pugh]

interesting to see how they were moved closer and closer to the door and then to the side wards, and that other patients were told that they had been moved somewhere else. It was never actually explained that they had been moved on to the mortuary, because that obviously had a bad effect on the morale of other patients, if nothing else.

Hospices, however, are predicated on the opposite assumption—that people die and can, in theory, die well. When someone is in imminent prospect of dying, the Bill tries to give them a right to quality palliative care. That is what the Bill is fundamentally about, and, having read it, I presume that the model is to provide state funding for it and to make available a type of care that is appropriate to, or in line with, the patient's will. That, as such, is completely admirable, and I do not have a problem with the objective. There are some problems, however, which I shall highlight, and in summing up perhaps the hon. Member for Meriden can address my concerns.

First, candidates for palliative care are not always as easily identifiable as we might think. Terminal cancer patients with metastases, secondaries and so on are fairly obvious candidates, but what about the elderly and the infirm? On a hospital ward, there can be genuine differences between relatives, medics and individuals as to whether they are on a short, irreversible journey to death or have a faint prospect of recovery. There is often an unwillingness on either side—relatives and medics—to recognise that there is a case for palliative care.

Secondly, it is not clear whether the Bill has effectively dealt with, thought through or addressed another question: who would make the choice when, as in some cases, the patient is barely conscious and incapable of making the choice themselves? Does their right transfer to relatives and, if so, under what circumstances? There are, therefore, two grey areas: who qualifies; and who chooses in cases when choice is not a realistic concept that can be applied to the condition of an individual patient who may be slipping in and out of a coma—or in and out of consciousness, anyway.

I am surprised to raise this, my third problem. What I ordinarily understand by palliative care is making a patient comfortable, enabling autonomy so that they can arrange their affairs without being distracted by pain, and alleviating pain and depression. Those are services that carers and medics are used to delivering and can deliver, but perhaps do not deliver as well as they should at times; none the less, such services are within their capacity.

Included in the Bill's definition of palliative care, however, is spiritual help, and I have two problems with that. First, from the left field, I should hope that spiritual help is more than, and possibly different from, palliative care, because they are not the same thing. Secondly, there may be some doubt about the capacity of the national health service, a local authority or whoever to fund or provide spiritual help, enlightenment and so on, and the desirability of their doing so. I totally accept the model of the hospital chaplain, but the hon. Lady seeks to put in place much broader arrangements, so I simply question whether the state would be prepared to fund every action, counsel and pre-funerary right of a person's religion in all circumstances—whether it might not create difficulties and some doubt about whether that was appropriate for a public body.

I say that as someone who believes that such activity is an integral part of a good death, who sympathises with the laudable emphasis on psychological, social and spiritual help and who applauds the Bill's objective. The Bill is about the good death—about making death as good as it can be—and ascribing the state a role in achieving it. That is entirely laudable, but the issue for me is whether it is within the state's competence.

12.24 pm

Mr. Oliver Letwin (West Dorset) (Con): I should begin by saying that my brief appearance in the Chamber without a tie was not an expression of extreme Cameroonian modernism, but merely an oversight on my part; I do not have a mirror in my office. I hope that it will be recognised that I am now perfectly attired.

This Bill, brought forward by my hon. Friend the Member for Meriden (Mrs. Spelman), is enormously valuable and I want to speak about three of its elements. I take entirely into account the thoughtful observations of the hon. Member for Southport (Dr. Pugh) about some of the practical issues, but my first point is that there are severe strains in the current palliative care system. I mentioned the case of children's hospices in my intervention, as did my hon. Friend in her speech; it does not conform to the general pattern for hospices, which receive, as my hon. Friend said, about 30 per cent. of their support from the state. In many instances, very little support from the taxpayer is available to children's hospices at all.

I have associated in my constituency with two children's hospices that have had particular problems in recent months. That is due partly to the peculiar circumstances of the Icelandic banking crisis and partly to the decline in giving that has inevitably resulted from the recession. The lack of serious taxpayer funding is a significant problem under such circumstances, and my hon. Friend's Bill would do much to help address that practical issue. The two children's hospices that I mentioned serve my constituents, so I have looked into the issue at some length. I am not persuaded that, when all the sums are done, there will be a saving to the taxpayer as a result of the current arrangements. On the contrary, I suspect that the taxpayer would, in a hidden way, meet considerable additional costs if the provision from children's hospices were to decline as a result of the current problems.

Although she is now at the Department of Health, the Minister has been a distinguished occupant of a Treasury post; what I have mentioned may be a case of immediate Treasury control causing additional fiscal problems at a time when the nation certainly cannot afford such problems. Discussion of the Bill offers fertile ground for combining a prevention of decline in quality of life with, unusually, savings in public expenditure. I hope that the Minister can use her good offices and her past record in the Treasury to try to disentangle all that, and that as a result the Bill ends up benefiting both the taxpayer and those who most need the services.

My second point is wider and more human. Both my hon. Friend the Member for Meriden and the hon. Member for Southport mentioned the phrases "a good death" and "dying well". What my hon. Friend said

about the importance of the moment of death and the approach to death is enormously welcome. The hon. Gentleman mentioned that our natural attitude to medicine, hospitals and so on is that they are "fix you" places, and that was also welcome. There is a significant and large-scale issue, of which that concern is one part. We have all had the experience of relations and others close to us dying at one time or another. Because of my father's condition, I also have experience of the incredible ability of our national health service to intervene and sustain life in a way that would have been impossible in previous eras.

However, as a result of those various experiences, I also have, unfortunately, a pretty acute sense that there is a great gulf. On the one side, there is our current concentration on the ability to fix things, even to the extent of restoring life when it would otherwise have disappeared; that is something enormously impressive, to which huge resources are devoted and in which the techniques employed are now staggeringly effective. On the other side, there is the extreme paucity of provision for quality of life once someone has been rescued from near death, or once someone is kept in being for a period leading to their death.

It would be wrong to say that keeping someone alive lacks all value if the quality of life is less; there is a value in life. However, the truth is that if one imagines oneself in the position of the person involved, mere life is not enough. There is an increasing problem of an imbalance between our attention to the question of keeping people alive, and our relative lack of attention to the question of the quality of life they enjoy while alive. At no time is that question more acute than as people approach death. It is therefore enormously welcome that we should focus not only on the Bill's technical characteristics, but on the points it raises about the need for a reorientation of our concerns away from the invasive and remarkable ways in which we can keep people alive and towards the question of how we can, as a nation, ensure that people have a quality of life, even right to the end, that is in accord with what we would wish for ourselves and for those we love and care for.

The third and final point that I want to make is this. Having quite frequently visited friends, relations and constituents in hospices, and having also, as we all have, seen people approaching the end of their lives in hospitals, I have noticed a remarkable contrast. Of course, the level of care in hospitals is frequently admirable, as is the level of medical attention, but there is something about the way in which the patients feel and are treated in a hospice that is peculiarly suited to this very strange time of life—perhaps, in some ways, the most important time of life, as one approaches the end. There is nothing that I fear, particularly, about being dead, but we all fear the process of coming to death.

I accept the points made by the Liberal Democrat spokesman about the difficulty of the state having a role in spiritual and psychological counselling. Nevertheless, my hon. Friend the Member for Meriden is surely right that there is, as one approaches the end of life, a need for something that goes way beyond what is usually perceived as medical support. It is almost inevitable that hospitals will focus largely on medical activity. That is not a failing of our hospitals; I cannot see what else a hospital would ever do. We demand of our hospitals that they are brilliantly good at fixing people—we hope, at least, that they will be good at doing it—and, by and large, they are. However, we cannot ask them at the same time to put the amount and quality of effort that a hospice can afford to put into the kind of support that—even if we do not describe it as spiritual, which is perhaps quite a long way down the track—is psychological. A hospice can provide the degree of psychological support that can make an enormous difference to the quality of those last days and weeks of a person's life. It is a good idea to enable people to transfer from a setting in which it is intrinsically difficult to do that to one in which it is intrinsically easier to do so. That is a large part of the gist of my hon. Friend's Bill, and I strongly support it.

12.34 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I begin by warmly congratulating my hon. Friend the Member for Meriden (Mrs. Spelman) on selecting this subject for her private Member's Bill. She made a strong and lucid case for prioritising the needs of patients receiving palliative care. I am sure that the House will agree that her compassion shone through her wonderful speech, which covered the ground comprehensively and cogently, particularly with regard to asserting the right of those undergoing end-of-life care to choose the setting in which they are treated.

I am sure that all hon. Members present, and those who will read our proceedings, will agree with my hon. Friend that each individual deserves to die with dignity, in the place where they feel most at rest and comforted, be it at home, in a hospice or in a hospital. I echo the tributes that other hon. Members paid to the hospice movement, and in particular I pay tribute to St. Luke's hospice in Winsford in my constituency. It is one of the many hospices around the country working tirelessly to provide a place of refuge for people who are undergoing the ordeal of terminal or life-threatening illnesses and conditions, and for their families, friends and other loved ones. Its cause, and that of every hospice, is close to my heart. Through the work of my wife as a nurse at St. Luke's I have come to know a great deal about the tremendous commitment and dedication and the special skill, which my right hon. Friend the Member for West Dorset (Mr. Letwin) mentioned, of those who work in hospices and all the ancillary workers. It is a wonderful form of work.

As my right hon. Friend said, we need to bear in mind the fact that there is something extraordinarily special about those who engage themselves with people coming towards the end of life. It is care in all its contexts and meanings. It is care for individuals, their families and communities, and it is available in all settings and geographies and in relation to all illnesses and conditions. There is no greater compass of the word "care" than applies to palliative care and, above all, care as people approach the end of their lives. It ensures that pain control, comfort, confidence and good counsel are available.

The issues raised by the Bill prompt the question of what it means to die well. In fact, the hon. Member for Southport (Dr. Pugh), who spoke for the Liberal Democrats, used the term "a good death". I dare say that if we track back only a few years, we as politicians would have been extremely chary about using that sort of phrase in the public domain. People recoiled from that slightly. It is a remarkable sign of how much we have come to understand

[Mr. Stephen O'Brien]

the issues that surround this important matter that we are able to use a term such as "a good death" to help inform and shape the approach that we as policy makers, and society itself, take towards the extraordinarily important issue of giving people confidence through their lives that there is a process by which they can aim to have a good death and die well.

If we are to have a choice about where we receive care at the end of our lives, the Government, the NHS and social care services must seek to understand the preferred circumstances in which an individual wants his or her life to come to an end. For most of us, dying well would entail spending our final moments free of pain, surrounded by loved ones in an environment of our choosing. As my hon. Friend the Member for Meriden asserted, the majority of us do not wish to die in hospital, yet there are those who would prefer to be cared for there than place the burden of their care on their family and friends.

I am sure that hon. Members agree that legislation must ensure that the fulfilment of patients' wishes for the end of their lives is not impeded by patchy delivery of palliative care resources and care services. If patients are to be given choice over the location of their palliative care, the palliative care sector must become a priority for the Government. It has remained the NHS's poorer cousin for perhaps too long. The Government shower the work of palliative care services with praise, and I pay tribute to them for that, yet we are all aware that it has been a problem for the Department of Health and other organs of government to match that expression with the action that is required to put in place the policies and other actions that will ensure that that work is adopted as part of mainstream thinking in care services. It is about not just putting in resources but removing barriers both cultural and active.

The Government's long-awaited end-of-life care strategy goes some way towards acknowledging that the palliative care agenda must be prioritised in the coming years. I welcome that. Prior to the strategy, however, the Government had, to some degree, sidelined—although that is probably too strong a word in this context—palliative care, dismissing it as a lower priority sector. Indeed, the strategy admits that, describing palliative care's profile as "relatively low" in the NHS and social services.

Hon. Members will be aware that, despite the strategy, palliative care still lacks its own payment-by-results tariff and relies on charitable donations to provide many of its services to patients. The Treasury, under the reign of the Prime Minister when he was Chancellor of the Exchequer, promised that by April 2006 charities would not subsidise the taxpayer. That pledge was made in the 2002 cross-cutting review of the role of the voluntary and community sector in service delivery. Since 2004, however, Government spending on hospices has actually fallen by 3 per cent. Figures from Help the Hospices show that today only 31 per cent. of hospice expenditure is Government funded, compared with 34 per cent. in 2004.

The Minister of State, Department of Health (Dawn Primarolo) *indicated dissent.*

Mr. O'Brien: I see the Minister is nodding her head negatively.

Dawn Primarolo: The hon. Gentleman made a point but then gave different evidence. He said that Government investment in hospices had fallen. It has not: it has increased. The hospice movement, including St. Peter's in Bristol, with which I am very closely connected, has already made it clear to me—and, I am sure, to him—that it wants to be able to maintain its independence, while also seeing a stream of financial support from the Government, and the Government are delivering that.

Mr. O'Brien: I am grateful to the Minister and glad that she took the opportunity to clarify the position. I was quoting the figures from Help the Hospices, as I am sure she is aware, and from the Sue Ryder Care briefing. Her answer might have indicated that there has been an increase in the absolute number, whereas I was focusing on the percentage of expenditure that is Government funded, but perhaps I paused for breath too quickly in the middle of a sentence before I could do so. None the less, the fact that there has been a percentage drop is an important point, even if the Government have clearly put it on the record that there has been an absolute rise.

The National Audit Office has also emphasised the fact that nearly a quarter of PCT contracts with hospices are for one year only. Therefore, not only do the Government have to try to match their rhetoric with results, but we need to be careful that there is no watering down of any commitment to palliative care as each year passes. In order to fulfil the Government's pledge on palliative care, the Department of Health promised in 2004 to provide a tariff for palliative care by 2008-09. That tariff would ensure that palliative care services outside the NHS had their costs met in full by NHS funding. However, five years on and after that intended deadline, there is no sign of the tariff appearing. I hope that the Government will take the opportunity that this private Member's Bill provides to set that pledge right, because it is now both needed and desired.

However, it is not the specifics of palliative care funding that I want to focus on today. Rather, I want to highlight how a collaborative approach to care from health and social services can enable palliative care to exceed the bounds of hospitals and hospices and become rooted in the community. I am grateful to the people at St. Luke's in Winsford for briefing me on how they are trying to move beyond those bounds. The Bill highlights the need for co-operation among NHS bodies, social services and voluntary organisations in the delivery of palliative care. Durable partnerships between those authorities will be instrumental in providing choice for palliative care patients and in opening up more opportunities to be cared for in the home, which is what we need to focus on.

My hon. Friend has frequently drawn our attention to the fact that out of the 75 per cent. of people who die in hospital, 25 per cent. express a wish to die at home. Opinion polls from Marie Curie also suggest that 65 per cent. of the population would like to die at home. The desire for community based end-of-life care is clearly widespread, and if the public's call for more community care were not evidence enough to convince Ministers of the need for action, the stark demographic fact of our ageing population must surely persuade them.

My right hon. Friend the Member for West Dorset talked about children's hospices, particularly those in his constituency. There is an important need for

co-operation between social services and health provision in this context. Co-operation between social services and adult health is easier to achieve than similar co-operation with child health provision. Adult social services now come under the remit of the Department of Health, whereas the Department for Children, Schools and Families is responsible for children's social services. Work must be done to ensure that palliative care in the home is an option for children as well as for adults. The Government must ensure that the departmental divisions in responsibility for health and social care do not impede the co-operation between the services. The NHS and social services should investigate ways of working together to identify children in need of home care, and to deliver that care when it is requested and appropriate. I hope that the Government will take the opportunity, either today or shortly, to give us some clarification and hope on that matter.

Turning back to the demographic changes and challenges that we face, the annual United Kingdom death rate is set to rise from 503,000 in 2006 to 586,000 in 2030—an increase of 17 per cent. It is an indisputable fact that demand for palliative care will increase. If health and social care services are to stand a chance of meeting that demand, palliative care services will have no choice but to filter out of hospitals and hospices and to permeate homes and communities. The terms of the Bill raise certain questions. What measures are the Government taking to plan for the emerging needs of our ageing population in regard to palliative care? When will they act? How will they ensure that a patient's wish to be cared for at home can be honoured?

In recent years, I have investigated and championed the treatment of dementia in the NHS and beyond, and I am pleased to see that my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) is with us today. He is the chairman of the all-party parliamentary group on dementia, and has done a tremendous amount of work to raise the profile and understanding of this great demand facing society. Dementia has no known cure, and palliative care comes heavily into play in this context. Figures suggest that a large proportion of the elderly do not access specialist services, and that palliative care is confined largely to those suffering from cancer. Indeed, 95 per cent. of palliative care patients suffer from a cancerous disease, while elderly people with conditions other than cancer account for but a small fraction of service users.

The number of elderly people receiving palliative care would surely increase if services were made more widely available in the community and in the home. Dementia sufferers are rarely treated in hospital for long periods, and their care is often undertaken by relatives and friends. Bringing palliative care to the doorstep of the patient, whether in a care home or a private home, would benefit the patient and greatly aid the relatives and friends devoted to their care. I hope that the Minister will tell us what measures the Government will put in place to ensure that those who are not in a mental position to make an informed choice about their palliative care will not be discriminated against. The hon. Member for Southport touched on that point earlier. I also call on the Government to promote palliative care options to patients diagnosed with dementia, so that palliative care services can become more widely available and are not limited to cancer patients. That underpins the argument put by my hon. Friend the Member for Meriden.

My hon. Friend was right to say that thought must be given to the work force requirements needed to accommodate this approach. She drew our attention to the limited scale of the palliative care work force, which comprises just over 5,000 nurses and 200 doctors nationwide. We need to recognise that these are very specialist professionals; they are trained doctors, nurses, therapists and auxiliaries.

It is important not to confuse this work force with those mentioned in this week's Budget, and the major demand for more people to work in social care generally. Here, we are talking about the specialist qualities and training required to give people palliative care and help them and their families through the process as they move towards the end of life. If the NHS is to offer more choice to patients, the skills to help deliver such care must infiltrate the wider care professions and disciplines. These professionals, along with social workers, will also be key to identifying the individuals in need of palliative care. A closer relationship between the NHS and social services with regard to the palliative care strategy could enable the services to identify individuals who could benefit from palliative care and ascertain their preferred care setting so that services can be commissioned accordingly.

The Government recognise in their end-of-life strategy the desire among patients for a choice of settings in which to receive palliative care, so I hope that they will use this Bill, promoted by my hon. Friend the Member for Meriden, as a vehicle to enable the NHS and social care work forces to be upskilled in order to offer choice across the country. Palliative care should not be sidelined into its own sector or specialism. If access and availability are to increase, it must enter the mainstream of NHS treatments. We offer significant medical and emotional support whenever life begins, so we now need to give careful thought to why we do not attend to the end of life with the same sense of reverence and expertise.

As the Bill asserts, the definition of palliative care constitutes much more than just the supply of medical treatment. The term includes the provision of psychological, social and spiritual health and support. Some patients who value such support may well feel that it is best delivered outside the hospital. Individuals and families who have made use of hospice services often comment on the enhanced pastoral support they are able to receive once they leave the busyness of the hospital setting and can gain the time and space for reflection and rest.

If patients are to be given the option of receiving care at home and if hospice services are to be extended to be part of the community and delivered in homes, neither their pastoral support nor medical treatment should suffer neglect. Home care must not be allowed to become a guise for inaction or cost cutting, whether on the part of the Government or of any other public service organisation. Although delivering palliative care in the home will inevitably take some pressure off hospital beds and staff—a benefit highlighted in the end-of-life care strategy itself—this outcome should be a by-product of a service that is driven by the needs of the patient.

There are three potential areas in which legislating for choice for patients could be abused, all of which my hon. Friend's Bill would safeguard against. First, patients must not be coerced into receiving care at home if they would prefer to be treated in hospital. We do not want

[Mr. Stephen O'Brien]

to reach a situation in which patients who have elected to be cared for in hospital are made to feel burdensome or undervalued. We must guard against pushing patients down an avenue of care that they are unhappy with; it is that issue of choice that lies at the heart of my hon. Friend's Bill.

Secondly, relatives sharing the care of patients must not be made to feel isolated and unsupported outside hospital. Measures must be instigated to ensure that palliative care in the home or care home meets the same standards as care in the hospital or hospice. Even as I spoke that sentence, it was clear that a great deal of variation is evident to all. We have excellent care in some hospitals, but in others, the care for those approaching the end of life is not well regarded or renowned.

Thirdly, as I observed earlier, choice entails co-operation between the health, social care and voluntary sectors. The need for collaboration between the organisations must not detract from the pressing need for a palliative care tariff. The Government cannot continue to assume that the voluntary sector will come in to fill the services cut or withdrawn. I hope that the Government will again view this Bill as providing a wonderful opportunity to bring forward the tariff that they have promised.

Recently, the rather ill-defined euphemism "local work" has been used to refer to the delivery of end-of-life care for the elderly in the dementia strategy. In using that term, there is a danger that the strategy could seek an absolution from responsibility for any real push for improved dementia services. I therefore hope that the Minister will assure us that the right to choose the location of palliative care will not become ensnared by attempts to avoid being blamed. I do not say that to the Government alone, as there is a broader culture of anxiety and concern about the possibility of being blamed in our public services and society in general. That is driving a lot of policy, which is unhelpful to attempts to take positive steps forward, such as through the measures in my hon. Friend's Bill.

Choice must be accompanied by a clear set of standards and responsibilities. My hon. Friend's Bill rightly accentuates the need for these standards to be put in place for each palliative care setting on offer to patients, including home care. It also makes provision for assigning responsibility for the care of patients in each setting, and it would mandate the Secretary of State to issue guidance on the funding of patient choice, so that palliative care capital could be passed from one palliative care services provider to another, depending on where the patient chooses to be cared for.

I was interested to hear the comments of my right hon. Friend the Member for West Dorset about this area offering the best example of the "spend to save" argument. Given that all of us on the Opposition Benches have to try to get our policies past him on those grounds, that was most encouraging and helpful—and I hope that the Government will have recognised the great force and impact of what he said, and will respond accordingly, not least on children's hospices.

The Bill would ensure that funding followed the patient. It would lessen the financial advantage gained by hospitals whose patients choose home care over hospital care and ensure that, whatever the care setting, the needs of the patient are prioritised.

I had considered referring to the discussions about end of life in recent debates on organ donation and the organ donation taskforce. I will not do so, however, as that has not really cropped up as a matter of debate today, and I will not stray outside our remit. There is a debate to be had, however, about the impact of some of these issues in relation to our recent organ donations debates.

There is no direct mention of the introduction of an NHS payment by results tariff for palliative care in the Bill, but the provisions would, by default, necessitate action by the Government in this area. The introduction of ubiquitous patient choice will require careful budgeting and a tariff that ensures that the palliative care sector can cover the cost of providing care in a number of settings. The Conservative policy paper, "The patient will see you now, doctor", draws a clear link between enabling choice and creating a tariff; the two go hand in hand.

It is time for this Government to cash in on the promises they have made, and to treat the tariff as something that is now required and that can be put in place, rather than as an elusive pot of gold at the end of the rainbow. We want this to be put in place now. I hope the Bill will be viewed by Ministers as an opportunity to change gear from neutral to fast forward, so they can fulfil their palliative care pledges.

Mr. Mark Harper (Forest of Dean) (Con): On a point of order, Madam Deputy Speaker. On today's Order Paper, the Leader of the House, who is also the Minister for Women and Equality, has given notice of the presentation of her Equality Bill, and that is all well and good. The Bill is not available in the Vote Office until Monday, so Members will not have the opportunity to furnish themselves with an idea of its contents until then. Unfortunately, this morning's *The Times* contains details of its contents. The relevant article states that the details will

> "come as a shock to company directors, most of whom will hear about the new law when they read about it in *The Times*."

Sadly, the same is true in respect of Members. There is also a story on this matter in the *Evening Standard* and, worst of all, *The Guardian* contains direct, on-the-record quotes about the Bill from the Leader of the House.

If the Leader of the House, who is supposed to be the guardian of the rights of this House and of Back Benchers, acting on behalf of our constituents, cannot even make details of legislation available to the House before she personally briefs the press, I do not know what the Government are coming to. Have you received any notice from the Leader of the House, Madam Deputy Speaker, that she intends to come to the House to apologise for this behaviour? It would be preferable if she did so today, while the House is still sitting. If not, what can we do to hold the Government to account?

Madam Deputy Speaker (Sylvia Heal): I thank the hon. Member for his point of order. Mr. Speaker's views are indeed well known on such matters. I have not received any notice from any Minister in respect of their coming to the House. The hon. Member's comments are on the record, and the Minister on the Treasury Bench will have heard them.

1 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate the hon. Member for Meriden (Mrs. Spelman) on securing a Second Reading debate for this Bill. It is a very worthy Bill, with a worthy intent, and it raises important issues that affect every single one of us.

It strikes me that there is nothing more personal than one's experience of death and dying, whether in respect of our own death or sharing the last moments with our loved ones. If we can talk about the age of truly personalised services—services that afford people genuine choice and control over their futures—its ultimate test must be the care and support that we provide for people at the end of their lives. As the hon. Lady said, how people die also remains in the memories of those who live on. These are clearly principles that we all hold dear, and indeed it informs the end-of-life care strategy that the Government published last year, about which I wish to say a little more later.

As hon. Members will appreciate—they have touched on this—the support that people need towards the end of their lives will vary enormously depending on so many factors: their medical condition, religious beliefs, family background, personal character and so on. We must be equal to that diversity in the provision that we make for palliative care, and it is important to say from the outset that in many cases we are equal to it. Many people do receive excellent end-of-life support; many are cared for with tremendous dignity and respect, surrounded by family and friends in surroundings where they feel comfortable and safe; and they get support that is well co-ordinated and holistic, and that pays regard to their personal beliefs and care preferences. Many receive such support, but, as the hon. Lady rightly says, not everyone does so. I agree with hon. Members who say that we need to do everything we can to ensure that they do so in future. That means overcoming some pretty big challenges, and I wish to deal with some of the specifics in a moment.

There are major obstacles to better end-of-life support, many of them with historical foundations in the way in which our society and the health and care services that we use have developed over the years. Traditionally there has been a bias in provision and access to specialist palliative care services. The modern hospice movement is excellent—I support entirely the comments made about the respect in which we hold those services. The very idea of modern palliative care emerged from that movement, which continues to focus primarily on care for cancer patients. As the hon. Member for Eddisbury (Mr. O'Brien) mentioned, consequently some 95 per cent. of referrals to specialist palliative care services are of terminal cancer sufferers, yet they represent only 25 per cent. of deaths. The second biggest obstacle, to which he, like the hon. Member for Southport (Dr. Pugh) referred, involves wider issues about appropriate care.

The hon. Member for Eddisbury specifically raised the issue of dementia, and I would say to him that St. Christopher's hospice is running a three-year palliative care in treating dementia project, which will look specifically at how to provide to meet the palliative care needs of people with advanced dementia, and their families. It involves outreach services provided by specially trained nurses and support from consultants. That needs to inform the development of such services.

The second big obstacle—and the hon. Member for Southport also touched on it—is public recognition. It is a cliché, but death is still the final taboo. As a society, we find it hard to talk about death. It was not always that way. We rarely stop to think about the experience of death and how it has changed in our society. We live in an age when chronic diseases are pre-eminent and the vast majority of deaths follow a protracted period of sickness or failing health. We might have thought that that would give people more opportunity to plan more carefully the circumstances of their death, but what actually happens—especially since the advent of improved medical technology—is that death becomes almost hidden from view, a forbidden topic. Only a third of people say that they have discussed their death with anyone. There is a similar reluctance among health and social care professionals to talk to people about their end-of-life care as the time comes closer.

As the hon. Member for Eddisbury also suggested, that issue is reflected in the number of hospital deaths. Surveys tell us that between a half and three quarters of people would prefer to die at home, but the reality is very different. Only about one fifth of people die at home, with about one in six dying in a care home, which, for many, is their home. Nearly three fifths—57 per cent.—end up dying in hospital.

So the third big issue is the extent to which end-of-life care has been sidelined by an understandable focus on curing and clinical treatment. Tremendous advances in medical science over the past 50 years have led to the tendency to see death as a medical failure. That can cause an unwillingness on behalf of professional staff to accept that someone is dying, leading to the administering of invasive, uncomfortable treatments right up to death, as well as a failure to provide appropriate holistic care at a difficult time for patients and their families.

Finally, there is also a general problem that it is difficult to pin down precisely when someone will die. The diagnosis of terminal conditions does not necessarily mean imminent death. As hon. Members have said, doctors can do a great deal to extend life, sometimes beyond the initial prognosis. For many patients, it is hard to pinpoint when they want such interventions to be stopped.

It is important to acknowledge all those complexities when we consider the specifics of the Bill. In fairness, the hon. Member for Meriden did that in introducing it. The conundrum is that on the one hand we want greater provision for palliative care, but on the other we recognise how much work needs to be done to ensure that that care is available now. No one would argue with the basic tenets of the Bill, and everyone agrees that end-of-life care should be provided. However, the argument that I want to make today is that the Bill is not the best way to deliver better end-of-life care. It could be argued that while the principle and the purpose of the Bill are right, the timing is not.

It is tempting to see a statutory right as the appropriate stick to whip errant trusts and councils into line. In this case, however, I think that the problem is not so much that councils and trusts are erring, but that they are not yet in a position to deliver a full range of options that people could conceivably request if a right to choose were formally conferred. We do not want to reach a position where the formal right exists but the services cannot be provided. Such a situation would raise expectations at a very difficult time when the services

[Dawn Primarolo]

cannot be there. It is because of those complexities that the Government's approach has been, essentially, to invest in all the things that the hon. Lady and other hon. Members have mentioned: the provision of services; the provision of training; and the co-ordination of work.

The Bill essentially duplicates the efforts that we are already making to improve end-of-life care through the implementation of the end-of-life care strategy. Both share the same ends: to extend far greater choice and control to people over what happens to them as they approach their death. Leading up to that, the Government have supported a range of initiatives. For example, over three years from 2003 we invested an additional £50 million to tackle inequalities in access to specialist palliative care. That was made recurrent in primary care trust baselines in 2006-07. As part of the dignity for older people measures, we have made a £40 million capital grant available to hospices over the past two years. Those and other early efforts paved the way for last year's end-of-life care strategy, which is the means of fulfilling our election manifesto to double the investment in palliative care and to provide people with the choice to die at home. For instance, the strategy has a strong focus on the very matters identified by the hon. Lady, such as developing community services so that people are effectively cared for and supported in their own home and in care homes—for many people, care homes are their homes.

The strategy emphasises the importance of training the health and social care work force and ensuring that hundreds of thousands of staff who come into contact with dying people have the necessary skills. It highlights the benefit of utilising hospice expertise by encouraging the development of the hospice community outreach programmes.

So we are doing a lot to improve delivery on the ground. It is important to stress that the strategy is a joint venture between central Government and local agencies. The next-stage review charged the strategic health authorities with developing visions for eight key pathways for care, including at the end of life. Clinical groups have been established to put that in practice.

PCTs are developing strategic plans to deliver on those visions, working with local partners, including local authorities and hospices. We have made available £286 million centrally over the next two years to support the implementation of the strategy. We are committed to monitoring this investment carefully through the resources and applications planning form. Working with the strategic health authority clinical leads, we are developing a set of quality markers for end-of-life care to support the commissioning, provision and audit of services. We are also funding the national end-of-life care programme to disseminate best practice and to work with organisations and professionals to develop better guidance and models of care.

We are supporting training and development in a number of ways. We are developing competences and core principles in end-of-life care and we are also developing communications skills training, with 12 pilot schemes selected to test these approaches. We have also asked e-Learning for Healthcare to develop an e-learning programme for health and social care staff.

Another key concern is the need to tackle societal attitudes to death and dying. We are working with and providing funding for the National Council for Palliative Care. It is establishing a national coalition to promote public discussion and awareness of the issues around death and dying.

We are doing precisely what the hon. Member for Meriden says is necessary, and I agree with her on that. We are holding discussions and enabling people to be better informed about the decisions that they can take about their end-of-life strategy. We are investing in training to make sure that the professionals with whom people come into contact are properly trained and are able to deal with the issues. We are investing in the appropriate resources that need to be there to support people in their homes.

I have set out why I feel that it is not appropriate, and not the right time, to put in place a legal right establishing access to palliative care. It is not the right time to do so; it is not a question of being against the principle of the proposals. They may be put in place at a later stage. I conclude by thanking hon. Members for their contributions. I want to make it clear that the Government view end-of-life care as an incredibly important issue, and we are committed to giving it the prominence and due attention that hon. Members have mentioned. Through our end-of-life care strategy, we are already making better care and support for the dying a mainstream issue in local services. I am confident that all that work will reach fruition, and we will deliver the progress that we all want. Rather than offer promises that cannot be kept at present because of capacity, it is far more appropriate to focus all our energies on implementing the strategy and building the infrastructure, skills and cultural change needed to break down the barriers to choice. That is why the Government intend to oppose the Bill.

1.16 pm

Mrs. Spelman: I thank all hon. Members who contributed to this debate about palliative care. They made thoughtful contributions and helped me in the cause of trying to move the issue up the agenda.

I want to pick up a couple of points from the discussion. The hon. Member for Southport (Dr. Pugh) asked who would choose the right setting in which to receive palliative care. The Bill makes it clear that the patient should choose, but obviously the advice of those in the medical profession is indispensable in making that choice, because they have professional expertise. Doctors who have seen many lives end bring an understanding to the issue that is required by the patient and their family, if they are to make a good decision. It is important for the medical profession, as far as possible, to have a clear understanding of the patient's preferences, because if preferences are not established prior to the point of crisis, they can be very difficult to establish.

Dr. Pugh: I clearly did not make myself as clear as I would wish. The hon. Member for Eddisbury (Mr. O'Brien) raised the issue of people who suffer from Alzheimer's. I raised the general issue of people who ought to have the choice, but who are probably not competent to make a very good choice. I asked whether, under the hon. Lady's legislation, that right would transfer to relatives, guardians or whoever.

Mrs. Spelman: That is much clearer to me now. That aspect—the fine point about the competence of the person empowered to choose—needs to be debated in

Committee. We need to discuss the point at which responsibility transfers to a named family member, a relative, the spouse or the next of kin.

A number of hon. Members have made points, which it is right for the House of Commons to debate, about where society has travelled to in coping with death, and about the impact on the extent of medical intervention at the end of life. There are qualitative judgments to be made. Obviously, such judgments should be informed by the medical profession, but we also need to weigh in the balance the quality of life that ensues following further and further interventions. We all understand that that issue needs to be addressed.

I particularly thank my hon. Friend the Member for Eddisbury (Mr. O'Brien), who raised the important point that my Bill would enable children to receive their palliative care at home. It is one thing for an adult to have enough understanding to appreciate what it might mean to be admitted to hospital for one's last days, but such maturity is often lacking in a child, who may have had very little experience of a hospital setting and may fear a setting with which they are not familiar. The opportunity to provide more palliative care for a child in a familiar domestic setting is very precious indeed.

I listened carefully to the Minister, who was very kind in her remarks about the aims and objectives of my Bill. I appreciate that, but we shall have to differ on the question whether there is a need for my Bill. I heard all she had to say about the end-of-life care strategy, but it is just that—a strategy. It is not yet delivery. It is work in progress, and I am firmly of the view that the Bill would increase the likelihood that real progress is achieved. For that reason I hope the Bill will proceed to Committee.

Question put, That the Bill be now read a Second time.

The House divided: Ayes 13, Noes 26.

Division No. 99] **[1.21 pm**

AYES

Bottomley, Peter	O'Brien, Mr. Stephen
Brokenshire, James	Pelling, Mr. Andrew
Davies, Mr. Dai	Pugh, Dr. John
Evans, Mr. Nigel	Spelman, Mrs. Caroline
Harper, Mr. Mark	Wright, Jeremy
Jackson, Mr. Stewart	**Tellers for the Ayes:**
Laing, Mrs. Eleanor	**Mr. Andrew Robathan and**
Letwin, rh Mr. Oliver	**Michael Fabricant**

NOES

Ainsworth, rh Mr. Bob	Mactaggart, Fiona
Barlow, Ms Celia	Michael, rh Alun
Beckett, rh Margaret	Munn, Meg
Brown, rh Mr. Nicholas	O'Brien, Mr. Mike
Byrne, rh Mr. Liam	Pound, Stephen
Campbell, Mr. Alan	Prescott, rh Mr. John
Clapham, Mr. Michael	Primarolo, rh Dawn
Dismore, Mr. Andrew	Shaw, Jonathan
Gilroy, Linda	Spellar, rh Mr. John
Hanson, rh Mr. David	Sutcliffe, Mr. Gerry
Hill, rh Keith	Wicks, rh Malcolm
Hughes, rh Beverley	**Tellers for the Noes:**
Irranca-Davies, Huw	**Chris Mole and**
Lammy, rh Mr. David	**Barbara Keeley**
Lloyd, Tony	

Question accordingly negatived.

Damages (Asbestos-Related Conditions) Bill

Second Reading

1.32 pm

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the Bill be now read a Second time.

Most people in the House know that for 20 years before I entered Parliament, I was a personal injury lawyer; I suppose that I still am—once a lawyer always a lawyer. I still have my practice certificate and remain a consultant with my firm, although I do not take on any cases. It would be impossible to do that job as well as this one, but I have maintained a keen interest in the development of this area of law. During the course of my practice, I have represented many sufferers of various asbestos-related illnesses and diseases, but the Bill is narrowly drawn, as it is designed to deal with pleural plaques.

Pleural plaques are a thickening of the lining of the lung, which is usually visible on an X-ray or a CT scan, and they are caused by exposure to asbestos. They represent an increased risk—between 5 and 10 per cent.—of more serious asbestos-related diseases, and, because of that, pleural plaques cause real anxiety and stress for those who have them. It is hard to imagine someone's fear if they are at risk of developing an evil, disabling illness such as mesothelioma, which is painful and always fatal. During the course of my practice and, indeed, my time in the House, I have met many pleural plaques sufferers who have expressed to me their strong feelings about the issue and the problems that have recently arisen because of a decision in the courts.

Until recently, pleural plaques were compensated at common law. Since 1984, there have been three cases against the Ministry of Defence, the leading one being Church *v.* Ministry of Defence. With a diagnosis of asbestos-related pleural plaques, or asymptomatic fibrosis on the pleural lining of the lungs as it is described in the cases, it was decided in Church *v.* Ministry of Defence that the condition constituted an injury, enabling damages to be claimed. The amount of compensation has varied over the years, but on a provisional basis the rate until recently was probably about £4,000, although at times it has been as high as £7,000.

In the 2006 case of Rothwell *v.* Chemical and Insulating Company Ltd, the Court of Appeal found that pleural plaques are not compensatable, mainly on public policy grounds. The Court refused to aggregate the condition of pleural plaques with the anxiety and distress that they cause, deciding that each individual condition is not compensatable and that courts cannot look at the aggregate of both pleural plaques and the psychological conditions that they cause. In autumn 2007, that decision was upheld by the House of Lords in a case called Johnston *v.* NEI International Combustion Ltd; in fact, it was the same as the Rothwell case, because a number of cases had been consolidated and the appeals were linked. The House of Lords upheld the Court of Appeal decision that pleural plaques are not compensatable, which has been a cause of concern in the wider community and the House ever since. There have been numerous parliamentary questions, early-day motions, amendments to Government Bills and pieces of private Members' legislation, and I do not know how many Adjournment debates the issue has been raised in.

[Mr. Andrew Dismore]

At Prime Minister's questions on 12 March last year, the Prime Minister announced that there would be a consultation on how to resolve the issue. That was followed on 9 July by a written statement with the consultation, which ended on 1 October 2008. We are still awaiting the outcome of the consultation, which included three different options: a no-fault payments scheme, presumably funded by the taxpayer, only for historic cases prior to the House of Lords ruling; a general no-fault scheme, which would relate both to the historic cases and to the future; and a return to the common law scheme. So far, the Government have made no announcements about their position.

There is no perfect option for dealing with this issue, but pleural plaques are a serious condition that affects many people, and doing nothing is simply not an option.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): My hon. Friend will be aware that the medical evidence shows that pleural plaques occur only when there has been exposure to asbestos. After about 20 years, they can start to calcify, forming a hard part on the pleura. Furthermore, they are irreversible. Given what his Bill says in respect of impairment, does he agree that because the medical evidence is that the plaques are irreversible and there is a great deal of evidence that they lead to breathlessness, the condition should be compensatable, as the Bill says?

Mr. Dismore: I am grateful to my hon. Friend for his intervention, and I very much agree with what he has said. He has been a redoubtable campaigner on this issue for many years, ever since the court cases. I am pleased to see him and hope that he will support my Bill.

My Bill tries to build on what has happened in Scotland, where people are ahead of the game. The Scottish Parliament has passed its own legislation to restore the position in law to where it was before the cases in the Court of Appeal and House of Lords. That Bill is simply awaiting Royal Assent and has completed all the other stages.

My Bill is modest. All it seeks to do is turn back the law to what we all thought it was prior to the decisions in the courts. Any scheme case would, of course, cost the taxpayer. However, turning the law back to where it was would mean that the insurers, which were on risk at the time, would meet the liability rather than getting the windfall of having collected the premiums without having to pay out on the risk.

The Bill is tightly drawn—it is not the thin end of the wedge, and it will not open the floodgates to any form of parallel litigation for other illnesses or injuries; it relates purely and simply to pleural plaques. It maintains the basic principles of negligence or breach of statutory duty as the test for liability. The burden of proof that the claim exists and should be upheld is still on the claimant. The Bill provides for a suspension of the limitation period from the date of the House of Lords decision until the coming into force of the Bill. That is only fair, but it would not affect any cases that were already settled or decided in the courts. The Bill also leaves out Scotland, where, as I have said, a decision to legislate has already been made.

Mrs. Eleanor Laing (Epping Forest) (Con): Will the hon. Gentleman clarify that point? It is not clear whether his Bill would be generally retrospective. I appreciate that he has tackled that point, but I want it to be clarified.

Mr. Dismore: My Bill, under clause 4(2), would not affect any claims that have already been decided through a settlement or by the courts. It would allow people who had pleural plaques and whose cases had not been disposed of to reactivate them, as it were, to claim compensation. It would not try to undo anything that has already been decided, but, in cases that were in abeyance because of the decision of the House of Lords, had not been decided or had been dismissed, the people involved could still be compensated. That is basically the nub of the issue. The aim is simply to turn the law back to where we thought it was.

In conclusion, I thank those who helped me to draft the Bill—the Association of Personal Injury Lawyers, Thompsons, the GMB union, my own law firm, Russell Jones and Walker, and all the others who have been involved in the campaign.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I join my hon. Friend in thanking the trade unions. Will the Bill fully restore the security that people who developed pleural plaques once had, whereby if they went on to develop the whole disease, they had the basic plank from which to make a further compensation claim without the hassle otherwise involved? Plymouth has been a hot spot for that.

Mr. Dismore: My hon. Friend has made an important point. If the decision on liability were to be made at an early stage on the basis of a pleural plaques case, with a provisional damages award, someone who developed, further down the track, mesothelioma, asbestosis or lung cancer as a result of asbestos exposure would not have to go all the way through establishing liability again. That would be of benefit not only to the claimant but to insurers, because it could avoid difficult and costly litigation many years later when the evidence would be harder to establish.

This is not only about compassion for people who are suffering from pleural plaques and the psychological consequences that are caused, which are equally bad. We are simply asking for justice for people who have, through no fault of their own, been exposed to asbestos during the course of their employment, who should be enabled to recover the compensation to which they are justly entitled.

1.42 pm

Mrs. Eleanor Laing (Epping Forest) (Con): I welcome the fact that the hon. Member for Hendon (Mr. Dismore) has introduced this Bill, because it concerns an important matter that deserves discussion in this House. Conservative Members certainly have the compassion to which he referred. We have great sympathy for people who have unwittingly had to work with asbestos for much of their working lives; and, indeed, for those who have not directly worked with asbestos but have come into contact with it because members of their family and others have worked with it. There is no doubt—we acknowledge it, of course, because it is a clear fact—that many thousands of people undertook, sometimes for a lifetime, work that they had no idea was dangerous.

Some time ago, when, like the hon. Gentleman, I practised the law instead of just talking about it, I dealt with a case that had gone on for years and years, involving the insurance aspects of asbestos injuries and affecting hundreds of thousands of people. I well remember the evidence that I dealt with, and I am well aware of how horrible the effects of asbestos and asbestosis can be, and are, for very many people. Of course, we accept the principle, as is normal in personal injury law generally, that where someone has suffered, and is suffering, because of the work that they did, they should be entitled to compensation.

However, there are various areas in which I believe the hon. Gentleman's Bill varies from the principle I have just stated. First, we must make a distinction between pleural plaques as a benign condition, pleural plaques where there is a physical impairment and other asbestos-related diseases. I hope he accepts that and I think he probably does, because his Bill is specifically about pleural plaques. If we do not make that distinction between those three different types of asbestos-related disease, we are in danger of widening the effects of the law enormously. It is the duty of Parliament to balance the needs and rights of the individual with the amount spent from the public purse on the taxpayer's behalf.

Mr. Dismore: The hon. Lady identified three types of injury. She called the first benign, although I prefer to call it asymptomatic, because I do not think it is benign. The remaining two are already actionable in law. The only one that remains is asymptomatic pleural plaques, which is what my Bill is intended to address. The other two are already actionable, so the issue does not arise.

Mrs. Laing: I thank the hon. Gentleman for making that point, which I fully appreciate. That is why I am making the distinction quite clear. Of course the other two are actionable—I understand that that is exactly why the hon. Gentleman has brought the matter before the House today. However, I have been considering the medical evidence; I suggest it is important that we do that when considering new legislation such as this. Sometimes it is right that general principles of personal injury law should be upheld rather than specific instances isolated, as they would be by the Bill.

In saying all this, I am exploring the possibilities in the Bill rather than speaking vehemently against it. As I said, when we consider this issue we do so with great compassion for and sympathy with people who have worked with asbestos and who suffer from asbestos-related diseases.

Mr. Clapham: As the hon. Lady knows, there is a great disparity in some of the evidence. There are two chaps who come regularly to my surgery, both of whom have difficulty in breathing and have been exposed to asbestos for the bigger part of their working lives. Both have pleural plaques, and both take the view that pleural plaques are causing their breathlessness. Yet I know of another case, of a younger man who was diagnosed with pleural plaques. When the doctor made the diagnosis, that man could tell him precisely where the pleural plaques were, because when he walked vigorously he could feel the spot. When he pointed to the spot, the doctor agreed. There is a real need for us to see much more medical evidence in future, because the decision that the Law Lords made on 17 October 2007 belittled people to some degree.

Mrs. Laing: I entirely see the hon. Gentleman's point, including about the particular people to whom he refers. It seems to me that as a matter of the general principle of personal injury law, if there is an identifiable and provable link between suffering or injury in such cases and action taken by, or negligence on the part of, an employer—a legally provable causal link with the injury that someone is now suffering—the normal law of this country, without any amendment such as in the Bill, would give those people a locus for action. I am sure that the hon. Gentleman will have advised his constituents to take both medical and legal advice on the matter. Indeed, if he were to come forward with the medical and legal advice that showed that causal link, there would surely be a case to answer without the need for today's Bill.

Mr. Dismore: The real problem is the general view that the House of Lords got it wrong. Part of the problem was its refusal to aggregate the psychological and the asymptomatic impact—that is, the physical changes—of pleural plaques. However, if pleural plaques were on the outside of the body rather than on the inside, there would be no argument about their being compensatable, yet because we cannot see them, they do not count. I was grateful for what the hon. Lady said earlier, but I am not sure whether she is opposing my Bill or not. If she is concerned about the detail of the wording, let me assure her that I am not wedded to it. Should the Bill proceed to Committee, I should be more than happy to discuss any suggestions for amendments that she may wish to make to improve it.

Mrs. Laing: I thank the hon. Gentleman for that. It might benefit the House in considering the matter to take into account the published medical opinion on it. For example, the president of the British Lung Foundation, Dr. John Moore-Gillon, has said:

> "Pleural plaques do not themselves 'turn malignant' and become a malignant mesothelioma. They do not in themselves cause asbestosis to develop, nor do pleural plaques increase the risk of lung cancer, and they are a different condition from diffuse pleural thickening."

Linda Gilroy: I would press the hon. Lady to clarify whether she intends to allow the Bill to receive its Second Reading and say whether she has picked up on the point made by the presenter of the Bill, my hon. Friend the Member for Hendon (Mr. Dismore), that we need to consider the psychological aspects. When somebody has a pleural plaque, they live in fear of it. Does she know that there are thousands of people who served in the Royal Navy who were required to pull flash hoods with asbestos in them over their faces—many are in their late 70s and 80s today—who live with that fear?

Mrs. Laing: Yes, I appreciate that. I think that I said quite clearly, although I will repeat for the sake of clarity, that we on the Conservative Benches certainly acknowledge that there are hundreds of thousands of people—not just in Britain, but throughout the world—who were forced to work with asbestos when the awful effects it can have were not known. I have previously seen evidence of the dreadful effects of asbestosis. I also accept what the hon. Lady says about the employer in question sometimes being Her Majesty's Government, which means that the person legally responsible for compensation for the injuries suffered is the British taxpayer. I entirely agree that that is an incontrovertible fact.

[Mrs. Laing]

The hon. Lady asks whether I intend to oppose the Bill today. We are dealing with something that is in the balance—something that is not clear. It is not a matter for party political argument, nor of political principle. It is not a question of our thinking and saying one thing, and the Government thinking and saying another. Far from it: we recognise that people are suffering and have suffered. I believe that the matter ought to be more carefully explored. As a matter of principle, I would always encourage us to allow such a Bill to go to Committee, so that it can be properly considered.

The hon. Member for Hendon said that he would welcome amendments to the Bill in Committee. As a mark of respect to our legislative process, I would not oppose a Bill such as this at this stage in the proceedings. I am not yet certain whether I will support it, but I will not seek to prevent it from having a Second Reading. It is right that all these matters should be explored.

I should like to continue with my exploration of the published medical opinion. I have already quoted Dr. John Moore-Gillon, and I should like to quote a leading consultant, Dr. Robin Rudd, who has said:

"Pleural plaques are not thought to lead directly to any of the other benign varieties of asbestosis-induced pleural disease".

Dr. John Moore-Gillon has also said:

"Pleural plaques do not themselves 'turn malignant' and become a malignant mesothelioma".

The issue is whether the development of pleural plaques amounts to an actionable injury. I would argue that, if there is a causal link between the suffering and the employment that caused the suffering, there is clearly a case in law. If there is no such causal link or no quantifiable suffering, there is no case in law.

Michael Fabricant (Lichfield) (Con): Is not the extent of the pleural plaques a key point? In themselves, they can be asymptomatic—that is, they present no symptoms. Contrary to the example given earlier, if people are not suffering from a particular dysfunction, it could be argued that there is no cause for compensation to be paid. Unless there is an X-ray or some other form of diagnosis, there is no way of telling whether someone has pleural plaques.

Mrs. Laing: My hon. Friend, as ever, makes a very good point, which helps the debate.

I take the point made by the hon. Member for Plymouth, Sutton (Linda Gilroy), which I think is the crux of the matter. She said that the hon. Member for Hendon was trying to widen the law so that not only the disease, injury and suffering but the fear of the consequences—and therefore the psychological effect of having developed pleural plaques—would be taken into consideration. I see the hon. Gentleman nodding; I am glad I have identified the crux of the matter correctly.

This is rightly a narrow Bill about a specific issue. The principle behind the way in which personal injury law has developed in this country would be changed considerably by it—

Mr. Dismore *indicated dissent.*

Mrs. Laing: The hon. Gentleman says no. I shall certainly give way to him so he can explain that.

Mr. Dismore: The problem is that psychological injury in these circumstances can be looked at by the courts only if there is also a physical injury that they consider compensatable. My Bill simply tries to establish that pleural plaques are compensatable, so that a link could therefore be made to the psychological injury. There is no new principle involved.

Mrs. Laing: I thank the hon. Gentleman for his perfectly logical and reasonable explanation.

Mr. Andrew Robathan (Blaby) (Con): Unlike the hon. Member for Hendon (Mr. Dismore), I am not a personal injury lawyer, or indeed a lawyer of any shape or form, but it seems to me that he wishes to overturn a ruling of the House of Lords. For all I know, he may be right to want to do so, but does it not seem strange that overturning such a ruling should be reliant on him? I would rather have expected the Government, if they felt that the ruling was unsound, to have come forward with their own proposals to improve the law. I have to say that we are going through a fairly strange constitutional procedure when a Back Bencher is determining, on a Friday when the Chamber is very empty, how to overturn a ruling of this country's highest court.

Mrs. Laing: My hon. Friend makes an extremely good point. Clearly, there would have been no need for the hon. Gentleman to introduce his Bill had it not been for the House of Lords' decision, which was quite clear on this matter. Indeed, it has been discussed in many different ways in this Chamber over the last several years since the case was first brought—quite rightly, long before it ever came to the House of Lords. I well understand why the hon. Gentleman has brought his Bill forward in an attempt to overturn the ruling, but we need to reflect that before the House of Lords finally made that ruling, the matter had been considered in great detail—year after year and on the basis of all the necessary evidence put before the various courts that had considered it. If he wishes to challenge the House of Lords, there is no way for him to do so other than by trying to change the law himself.

I agree, of course, with my hon. Friend the Member for Blaby (Mr. Robathan) that if the law is to be changed in this way, it should be for the Government to decide how best to do it, so I shall conclude shortly to allow the Minister to give us the Government's opinion.

Michael Fabricant: We can all tell from my hon. Friend's accent that she is Scottish and she will be aware that the Scottish Parliament passed similar legislation. Is she aware of whether any additional costs were created for Scottish businesses and whether the legislation was applied to people who had not suffered from specific symptoms? Let me make it clear that hon. Members on both sides of the House will feel that people who have symptoms of any kind deserve compensation.

Mrs. Laing: On that last point, I agree, of course, with my hon. Friend, who is absolutely right to mention the position in Scotland. I was just coming to that because the Scottish equivalent of the hon. Gentleman's Bill was passed by the Scottish Parliament on 11 March this year. My colleagues there agreed with its general principles and, as I have said, I agree that it was right to bring forward this Bill today and I understand the hon.

Gentleman's motives. Nevertheless, our colleagues in the Scottish Parliament rightly asked for the costs of implementing that Bill to be routinely monitored.

As I said a little while ago, it is our duty as a Parliament to balance the rights of the individual against the rights of the taxpayer and the public purse. I say that with compassion and sympathy for all those suffering from pleural plaques—asbestosis has terrible consequences, which we all understand—and it is on the basis of that sympathy and compassion that I conclude in order to hear what the Minister has to say.

2.4 pm

Michael Fabricant (Lichfield) (Con): I want to say a few words, because I, too, have had constituents with asbestosis coming to my surgery—although not, I think, as many as some other Members. Interestingly, I have been made aware of an example involving someone who was in the Royal Navy. The circumstances related not to putting on an asbestos mask, but to working with pipes that were clad with asbestos. That has also been a major cause of this particular dysfunction.

Where people are clearly suffering from a symptom, or have a condition that will clearly lead to a further condition that will have a symptom, there is an acceptance by every right-thinking person—and, indeed, an acceptance in the law—that compensation should be asked for and given. The problem with the Bill, however, is one of degree. A single pleural plaque, if restricted in size and in a certain part of the pleura, might not give a symptom to the person who has it. Neither is there any clear indication that a pleural plaque or group of pleural plaques will lead to asbestosis or any other lung condition; as my hon. Friend the Member for Epping Forest (Mrs. Laing) has said, several specialists have confirmed that.

The hon. Member for Plymouth, Sutton (Linda Gilroy) pointed out that some people might have concerns that this might develop into a condition, and I understand that, but there comes a point at which one has to say that an unreasonable fear cannot be compensated for—and, indeed, at which it would be unreasonable to ask for compensation. *[Interruption.]* I invite the hon. Lady to intervene, if she wishes to do so.

Mr. Dismore *rose—*

Michael Fabricant: I am happy to give way to the hon. Gentleman.

Mr. Dismore: The research done by Dr. Rudd, who is probably the pre-eminent doctor in this area, of 150 dockyard workers re-examined 10 years after the detection of asymptomatic pleural changes, shows that 10.3 per cent. had radiographic changes suggestive of asbestosis, and 4.5 per cent. had clinical and radiological signs of asbestosis. Therefore, although there may not be a causative link, there is certainly a statistical link, which is what creates the distress, fear and worry that the individuals concerned suffer from. That distress, fear and worry can be compensated if there is a physical injury to link it to—if there is a physical change, asymptomatic though it may be. The problem is how to compensate if there also has to be treatment.

Michael Fabricant: I thank the hon. Gentleman for his comments, which were very helpful, because I now understand why people may well be concerned if they are demonstrating this condition. Pleural plaques also appear for other reasons, of course, and people can have other concerns.

Mr. Robathan: I do not want the hon. Member for Hendon (Mr. Dismore) to misunderstand me, so let me first of all say that this is a very well-intentioned Bill. However, it seems to me that he was arguing that people should be compensated for stress, and—

Mr. Dismore *indicated dissent.*

Mr. Robathan: Well that is what the hon. Gentleman said, I think, and that seems to me to be a fairly strange route to go down, in what is a very serious matter to do with the development of diseases from which people die.

Michael Fabricant: I hear what my hon. Friend says, but I am not sure that I wholly agree with him. If someone has been working in circumstances where they have been in contact with asbestos—through no fault of the employer at the time, as they would not necessarily have known that asbestos was a clear cause of pleura and other types of lung dysfunction—then I understand why they might be concerned. The hon. Member for Hendon made a good point, therefore, and I can now understand the irritation, anger and disbelief of the hon. Member for Plymouth, Sutton about what I was saying earlier. This is a good example of why this sort of debate is useful, because in true and full debate information can sometimes be made available that might not otherwise become available.

Nevertheless, even if we accept, as I am now slightly inclined to do, the argument that there can be fear, concern and stress—to adopt the word used by my hon. Friend the Member for Blaby (Mr. Robathan) and the hon. Member for Hendon—if pleural plaques are in existence, the question remains: is there a damage done and is there a tort done when the pleural plaques are asymptomatic? I am talking about situations where they are so small and sparse that they are not showing any symptoms.

Jeremy Wright (Rugby and Kenilworth) (Con): Will my hon. Friend give way?

Michael Fabricant: I am very happy to give way, particularly to my hon. Friend, who is a practising lawyer.

Jeremy Wright: I should make it clear that I am not a practising lawyer, and I certainly did not practise in the field of personal injury. What I ask my hon. Friend to consider in the context of his remarks is clause 2(3), which, as I have no doubt that the hon. Member for Hendon has spelt out very clearly, clearly states the following:

> "It is not necessary for a person seeking damages in respect of asbestos-related pleural thickening or asbestosis to prove that it has caused, is causing or is likely to cause impairment of that person's physical condition."

Does my hon. Friend agree that that is an extraordinarily sweeping statement and that it would be more helpful, in the context of this debate, if it could be a little more closely defined, so that if the hon. Gentleman's argument is, as I suspect it may be, that these things are in

[Jeremy Wright]

themselves pernicious, it can be explained why they are pernicious in the context of the recognisable law in this country in respect of establishing who is liable for damages?

Michael Fabricant: I thank my hon. Friend for that helpful remark and explanation of that part of the Bill, and I invite the hon. Member for Hendon to accept that particular argument. Surely the hon. Gentleman is not arguing—or is he?—that someone who is not suffering a symptom, and is not likely to suffer a symptom or any form of damage, should be able to seek compensation. Can he clarify whether he would be prepared to alter the wording of that particular provision if the Bill reaches Committee, in order to make it more acceptable?

Mr. Dismore: Of course I am prepared to consider the wording. The point is that this involves a physical change in the anatomy, and that is what I am arguing should be compensated, whether or not it causes symptoms, because that is the trigger for bringing the psychological claim. All wording is subject to discussion in more detail and amendment in Committee. I am happy to discuss things, and if someone has a better formulation, I am happy to consider it.

Michael Fabricant: I am grateful to the hon. Gentleman for explaining that. However, I feel very uneasy when he talks about any change in the body that may give cause for concern, although there may not be justifiable cause for concern. I can think of many other types of dysfunction, although many doctors would not classify them as such, that involve a change in the nature of the body that does not actually lead to anything that could be called an injury. I accept the earlier arguments that both he and my hon. Friend the Member for Plymouth, Sutton made that there is a fear that perhaps these conditions can lead to greater things, but what he has just said is far more worrying. If this principle were accepted, so many other types of changes that are asymptomatic and not in any way damaging could be open to claims for damages, based on the particular wording that he has just mentioned.

Jeremy Wright: I do not wish to add to my hon. Friend's unease, but I suspect that I might be about to do so. Does he agree that what we should really be dealing with in this Bill is any impairment of the person's mental or psychiatric condition and that that is really what the hon. Member for Hendon is describing? Is he not focusing his Bill on the wrong target? We should not be talking about a physical condition that may or may not have any further effects; we should be focusing on the effects. If the person has a recognisable mental impairment or a psychiatric effect caused by the worry that the hon. Gentleman has described—I am perfectly prepared to accept that that may be a worthwhile cause of action—it is that which is the cause of action, not a physical condition that may or may not lead to that harm.

Michael Fabricant: I hear what my hon. Friend says, but earlier the hon. Member for Hendon did raise that point by saying that it is a question of cause and effect, and without recognition that pleural plaques are a cause for concern, there would be no basis for any legal action. I wonder whether that is the case. I would have thought that the link could be established anyway—*[Interruption.]* I see that the hon. Gentleman shakes his head. He argues that no such link can be established.

I am uncomfortable about the Bill for several reasons. We all recognise that compensation must be paid to those suffering from conditions that cause distress and impairment, and I well remember arguments in this House about vibration white finger. For a long time, that too was ignored by Governments, but now compensation is paid. But if there are no symptoms at all, it is a different matter.

Mr. Robathan: That is the point that I wished to raise. Vibration white finger is measurable. It can be seen, and I have constituents who have it. Whatever the rights and wrongs of the issue, they are compensated, rightly. But the Bill specifically states that

"a condition...which...is not causing or is not likely to cause impairment of a person's physical condition is a personal injury".

How can that be the case?

Michael Fabricant: The point is that it can be the case only if it is written in the law. It needs to be written in the law because the common law says that where there is no injury, there is no basis for a claim. If the Bill were passed, we would therefore be in a worrying position.

I personally do not wish to oppose the Second Reading of the Bill. Nor would it be right to talk out the Bill, and that is not my aim. However, it involves some major issues of principle that not only affect this condition, but could affect a gamut of conditions. That is why it is so important to say that while we all recognise the real problems that have been encountered by workers in the asbestos industry and by those who have come into contact with asbestos as they served their country—particularly in the Royal Navy, but also in other branches of the military—we must recognise that this Bill, unamended, would make a major change in the law. That change would not be just, because it would allow claims to be made for damage when no damage had been incurred.

2.18 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I am pleased to speak at the end of this useful debate, which has probed some of the issues that we will undoubtedly wish to probe further should the Bill be given a Second Reading today.

I congratulate my hon. Friend the Member for Hendon (Mr. Dismore) on his efforts in introducing this Bill. He reflects the strong feeling on both sides of the House that this issue needs to be addressed. Indeed, it has recently been addressed by the Prime Minister, the Secretary of State for Justice and the Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham, East (Bridget Prentice).

I am also grateful for the comments of the hon. Members for Epping Forest (Mrs. Laing) and for Lichfield (Michael Fabricant), who raised issues that we will wish to explore in any debate in Committee. I am also pleased to see my hon. Friends the Members for Barnsley, West and Penistone (Mr. Clapham), for Plymouth, Sutton (Linda Gilroy) and for Ealing, North (Stephen Pound), as well as my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan), who raised this issue in an Adjournment debate on 11 February this year.

All those hon. Members have a strong and honourable tradition of raising in this House the issue of asbestos-related conditions. They reflected widespread concern about the issue outside the House, too. For example, let me look at the submissions from the trade union movement to the Government as part of our recent consultation. I can see strong elements of support for action in relation to this Bill from Unite the Union, which has indicated that many of its members have suffered and died as a result of asbestos-related illnesses. The Union of Construction, Allied Trades and Technicians has said that the House of Lords decision in Johnston, to which my hon. Friend the Member for Hendon referred, was a huge blow to sufferers of pleural plaques. Unison has said that it believes that those who, through no fault of their own, have been exposed negligibly to asbestos should be rightfully entitled to compensation.

Michael Fabricant: The Minister mentioned Unite. He will be aware that Unite is asking for £5 million to £10 million to fund an asbestos-related disease centre rather like the one in Australia. The Australian Government provided 6.2 million Australian dollars. Are the Government minded to provide such funding?

Mr. Hanson: The hon. Gentleman will expect us to consider those issues seriously, but no decisions have been taken. We need to look, as we are, at a range of matters relating to the issue.

As my hon. Friend the Member for Hendon said, there has been considerable legal discussion. As he will know, there have been interpretations through the High Court following the challenge by the insurance industry, Rothwell v. Chemical and Insulating Co. Ltd and conjoined cases. My hon. Friend has outlined—I do not need to repeat this point—the continued discussions in the legal system, which ended with the House of Lords judgment on 17 October 2007, when the Law Lords upheld the Court of Appeal decision that the existence of pleural plaques does not constitute actionable or compensable damage. In this instance, the House of Lords based its decision on two further principles underpinning the law of negligence. These are the matters that relate to today, and my hon. Friend's Bill is trying to examine that issue and to make a change on that basis.

In the light of concerns raised by hon. Members after constituents were diagnosed with pleural plaques, the Government published a consultation paper on 9 July 2008 to gather views on the most appropriate means of responding to the House of Lords decision. Indeed, my hon. Friend referred to the fact that my right hon. Friend the Prime Minister responded to that decision in Prime Minister's questions, whereas my right hon. Friend the Secretary of State for Justice brought forward the consultation paper, which considered several issues.

The consultation paper considered the law and medical evidence underpinning the House of Lords decision and sought views on a range of possible options. It proposed that action should be taken to improve understanding of pleural plaques and in particular to provide support and reassurance to those diagnosed with pleural plaques to help allay their concerns. In the light of representations that have been received from those who are strongly of the view that pleural plaques should be compensable, the paper considered the issues that arise in relation to changing the law of negligence and invited views on whether that would be appropriate.

The consultation also invited views on the merits of establishing a no-fault payment scheme for individuals who have been diagnosed with pleural plaques and considered two possible approaches. One would be to establish a no-fault payment scheme limited to those with work-related exposure to asbestos, and the other would be to establish a no-fault payment scheme for those similarly exposed and diagnosed now or in the future. The paper discussed whether any payments should be made and, if so, crucially, by whom, what amount the payment should be and the risks, benefits and costs of both schemes.

The paper also explained that it was important to ensure that any decisions on pleural plaques were reached on the basis of the best available current medical evidence, an issue that was alluded to by the hon. Members for Epping Forest and for Lichfield. For that reason, the paper indicated that independent reviews of the medical evidence have been commissioned from the Industrial Injuries Advisory Council and the chief medical officer.

The consultation closed at the beginning of October last year. Let me be honest: I fully understand the concerns about the time that we are taking to consider the consultation issues. In some way, that answers the questions asked by the hon. Member for Blaby (Mr. Robathan) about why my hon. Friend the Member for Hendon introduced the Bill today, and whether the matter is not one for the Government. I say to the hon. Member for Blaby that we are looking into the issue extremely seriously. We have had the consultation, and it has been considered. Responses have been received; there were over 224 in total, including 125 from people who have been diagnosed with pleural plaques, or whose relatives have been diagnosed with the condition—so the Government do take the issue seriously.

My hon. Friend the Member for Hendon has rightly taken the opportunity offered by the Bill to raise the issue and to seek legislative redress. We are considering the matter. There is confluence of the Government's consideration of the consultation and my hon. Friend's Bill, but that, I hope, does not reflect on either party.

Mr. Robathan: In all seriousness, the issue is not, as far as I am concerned, in any way a party political matter. It is a serious subject, and concerned constituents have written to me about pleural plaques. Has the Minister received responses to the consultation? I know that the process takes a long time, and although I do not doubt the Government's good intent—well, I sometimes do, but not in this case—the House needs to know the Government's view, following the consultation. When will we get the response? With all due respect to the hon. Member for Hendon (Mr. Dismore), the Bill may raise the issue and perhaps goad the Government a little bit, but I think it has been introduced at the wrong time.

Mr. Hanson: The hon. Gentleman will understand that we have to produce the response to that consultation, and we will do so. It will be provided to the House, and it will be part of the ongoing discussions. I very much hope that it will be part of the considerations when we reflect on the points that my hon. Friend the Member for Hendon has discussed .

Mr. Dismore: Nothing would please me more than if the Government introduced their own proposals. I simply say that my Bill is designed to push them along a little

[Mr. Dismore]

bit and help them to make their mind up. Of course, I am more than happy to consider any Government amendments to my Bill, should it reach Committee.

Mr. Hanson: My hon. Friend brings me to a point that is worth putting on record. There are concerns, some of which were recognised by the hon. Members for Epping Forest and for Lichfield. The Government have concerns about some aspects of the Bill, and those concerns will have to be explored if it proceeds to Committee. For example, the Bill does not interact with law on Northern Ireland. There are different limitations and different legislation available in Northern Ireland, and clause 3 does not reflect that. Clause 2 extends the Bill to asbestosis and asbestos-related pleural thickening; those conditions were not included in the consultation, and we need to consider carefully whether they should be included in any legislation.

Having said all that, although we have reservations that need to be explored, I am happy to allow the Bill to be read a Second time today, if the House so wishes. I am happy for those issues, and the issues raised by the hon. Member for Epping Forest, to be explored in Committee. Undoubtedly, as my hon. Friend the Member for Hendon will be aware, there will come a time when we respond to our consultation. Hopefully, that will be within relatively short order. We will look at the consultation response in light of the progress in Committee. I cannot say today whether ultimately we will support all the details of my hon. Friend's Bill, but if the House wishes the Bill to proceed, we certainly will not today force a situation in which it cannot do so.

I thank hon. Members for their contributions, and thank my hon. Friend the Member for Hendon for introducing the Bill. It deals with a serious issue that affects people who have had injuries and illnesses that have damaged their lives in considerable ways. It is up to the House to reflect that in a proper and effective way. If the House wishes the Bill to proceed to Committee, I know that full consideration will be given to all the issues raised, not just by me as the Minister speaking on behalf of my colleagues, but by all Members of the House. I thank my hon. Friend for the opportunity to discuss the issues today.

2.29 pm

Mr. Andrew Rosindell (Bialby) (Con): I am keen not to talk the Bill out, but I have to say to the Government that I do not think that they have given an adequate response. We are talking about a very serious issue that affects my constituents and others. It is not an adequate response to say, "We'll push the matter into Committee and discuss it through a private Member's Bill." The Government have had time to consider the issue, and they must determine whether they wish to change the law or not.

Question put and agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee. (Standing Order No. 63)

Business without Debate

EMPLOYMENT RETENTION BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 1 May.

BROADCASTING (TELEVISION LICENCE FEE ABOLITION) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 8 May.

EUROPEAN UNION (AUDIT OF BENEFITS AND COSTS OF UK MEMBERSHIP) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 8 May.

SCOTTISH BANKNOTES (ACCEPTABILITY IN UNITED KINGDOM) BILL

Resumption of adjourned debate on Question (6 March), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 8 May.

Council Rents (Lambeth)

Motion made, and Question proposed, That this House do now adjourn.—*(Barbara Keeley.)*

2.31 pm

Kate Hoey (Vauxhall) (Lab): In a few weeks I will have represented the people of Vauxhall as their Member of Parliament for 20 years. When I was elected, I promised to speak out loudly about their needs and concerns, and to represent them powerfully, whoever was running Lambeth and whoever was in government.

My constituency, covering the north of Lambeth, is a wonderful diverse community with very many people deeply committed to working with others to make where they live a better place to be. The 2007 index of multiple deprivation places Lambeth as the fifth most deprived borough in London and the 19th most deprived in England. There are, of course, pockets of affluence, and one of the most pleasant corollaries of this is that in areas such as Kennington, Waterloo, Stockwell, Brixton and Clapham there is a coming together in the myriad community and voluntary organisations of people from all backgrounds and financial income.

Over the years we have seen huge improvements in the environment in the borough—in our parks, streets, street cleaning and so on. Although a large number of my constituents are well paid, highly educated and play a major role in the wider London economy, many are denied opportunities to succeed and we still face long-term problems, such as higher than average rates of unemployment, low levels of skills, and high teenage pregnancy and crime.

However, throughout my time as an MP there has been one overriding theme of discontent and even anger, as I am sure my right hon. Friend the Member for Streatham (Keith Hill), who I am pleased to see beside me today, will agree. Regardless which political party has been in power at Lambeth town hall, whether Labour, Liberal Democrat or no overall control, there have been real failures in the housing department and in housing management. I emphasise that this is not a strictly party political issue. It has been a fact, regardless who has been nominally in control. There has been a culture of incompetence, arrogance and—I choose my words carefully—outright corruption among too many in the structures of the housing department, many of whom have now left.

I know that the current administration is aware of the situation and of the history, and that greater attention is being paid to trying to tackle it. In particular, I pay tribute to the ongoing efforts of our chief executive, Derrick Anderson, who has taken a huge hands-on role in trying to sort housing out once and for all, and of our cabinet member for housing, Lib Peck, who is relatively new to the job and showing a determination to face up to the challenge. But it is still nowhere near fixed, and I could spend all the time available to me today chronicling the many mess-ups that there have been. I shall however refer to just a few.

During the past few years we have seen a fraudster from within the housing department steal £2.9 million, which was eventually retrieved through insurance; an £11 million budget for homeless accommodation overspent by £6 million, because the council had leased too much property for a declining number of homeless people; and an all-party report by councillors finding that the authority ignored Government homelessness funding cuts, branding the officers reckless. There have been failings to keep contractors in check, shoddy work that is never penalised and countless other examples of financial mismanagement, as well as failings on the monitoring of repairs and other day-to-day management of what is happening on our estates.

The word "blame" could be widely used against many people and the organisation generally over a long period, but my right hon. Friend the Minister of Housing must be aware that the one group throughout all this who certainly cannot be blamed and have had no hand in any of the mismanagement is the council tenants, who make up about 50 per cent. of the residents across Vauxhall and who have suffered terribly poor service from their housing department. The department is often unresponsive, dismissive and hostile. Repairs have not been done and many of my constituents are in despair at the service that they receive.

I want to pay tribute to the many tenant leaders who give up so much of their time to improve the situation—Roz Munday, Rita Fitzgerald, Norah Anne Sheey and, most of all, Pat Scahill from the Mursell estate who has badgered tirelessly to get Lambeth officers to do their job properly. If only the council had listened over the many years to the tenants who knew what was going on. Eighteen months ago I brought a delegation of tenants to see the former Minister, and they said then how dire things were. Those very same tenants now face enormous rent rises to make up for matters beyond their control. They have never been listened to and I hope that they will now be listened to.

The proposed rent increases this year will mean an additional £11.79 a week for a one-bedroomed flat and an additional £12.20 a week for a two-bedroomed flat, rising to £15 a week for larger flats. On top of that, increases in service charges will mean an additional 68p a week across the board. These huge rises, totalling about 16.49 per cent. on average, are by far the largest proposed anywhere in London and indeed in the country, and they will hit many tenants hard, particularly those who do not receive housing benefit. Those people are largely men and women who have worked hard all their lives, paid their taxes and contributed fully to their communities, and they will now find themselves clobbered by these increases, which have nothing at all to do with them.

The reason for the proposed rent increases is to plug the deficit in Lambeth's housing revenue account, which is projected to be £9 million over the next 18 months, and to meet the forecast need to bring the account back into surplus in the medium term. That was despite last summer the tenants council being told by officers that the HRA was fine—no problem. Two months later, we suddenly had a huge deficit and the rent increases were discussed. The suggested alternative of swingeing cuts in the housing repairs budget, which is already not delivering nearly enough and practically nothing on some estates, is just not possible.

The reason for my coming to Parliament today is to see how my right hon. Friend the Minister for Housing can help. I am being very honest. There is a solution and I know that my right hon. Friend wants to help if she can. Lambeth's administration had expectations of receiving funds through the rent constraint allowance, which was paid out in 2006-07 and 2007-08 to authorities

[Kate Hoey]

that were able to hold down rents. Lambeth was not entitled to receive RCA until the incoming Labour administration de-pooled its rents from its service charges for 2007-08. However, it was considered that that was too late, because by the time the RCA ended at the end of that period, Lambeth had not established a two-year base of data. An earlier de-pooling under the previous administration might have made Lambeth eligible.

The council has calculated that the difference in RCA entitlement before and after de-pooling is a subsidy loss of £11 million—enough to plug the deficit in the housing revenue account. I know that the council leader has been lobbying the Department for Communities and Local Government for a one-off special determination for that amount to reflect the loss from de-pooling in expectation of the RCA in 2007-08, and my plea today to the Minister is to look favourably on that. If the Secretary of State would use her discretionary powers to issue a special housing subsidy determination to grant Lambeth an amount equivalent to that which due to the time lag was lost in the RCA calculations, the HRA would be immediately restored to balance and decent people who do not deserve the worry of all this, particularly at a time of economic recession, would not be penalised by such large rent increases.

There is another way in which my right hon. Friend the Minister might help. Lambeth council has included in its response to the HRA subsidy amending determination consultation a way of allowing an authority that de-pooled in 2007-08 additional subsidy for the amount of RCA lost. Currently, the Government's incredibly welcome determination to get rent increases down to an average of 3.1 per cent., and their offer of help to those local councils that do so, does not in any way help the tenants of Lambeth. All around them they see other boroughs' tiny increases being made even tinier because of the Government's welcome guidelines, and even some boroughs that have made reductions, but all they have is ever-increasing bills.

I know that my right hon. Friend will have huge sympathy for the problems that those tenants face; she has a long history of involvement in and concern about housing. I have been inundated with letters and e-mails from despairing tenants. Time is short and I cannot read from all of them, but I shall read one extract from one e-mail, which sums up the overall feeling. It is from a lady—I shall not give her name—living in my constituency on Minet road. She writes:

"I would like to know if there is anything the parliament can do to intervene against the Rent Increase planned to begin in April 2009 in Lambeth. I usually expect an annual increase in rent but when I received a letter stating that the increase would be £15.00 per week on top of weekly rent I was more than unhappy. The letter from my housing office stated that this is because of mismanagement of funds and basically we have to pay. I work…and am on an average income with two children to support and just cannot afford to pay this huge amount. I think this is wrong, because we the people who live within Lambeth are not responsible for handling the funds that come through and don't think we should be made liable to pay for the council's mistakes. If it is at all possible I would like this to be pushed as far as it can to ensure Lambeth Council clean up their own mess and don't dump the bill on us residents who are already financially strained."

That is a reflection of the very many—the hundreds—of responses that I have had. People feel very upset, as one would imagine.

I know that my right hon. Friend has looked at the issue and been willing to meet me, and I am very grateful for all the meetings that we have had. My right hon. Friend the Member for Streatham has been a Lambeth Member for a very long time, although not quite as long as I have, and we both want Lambeth to be on a level playing field and its housing department to be restored so that we can feel confident about its financial situation. Whatever my right hon. Friend the Minister says today, she should note that we would definitely welcome the Government's greater oversight of that Lambeth department. Tenants asked some time ago for inspectors to go in and try to sort out Lambeth housing, although that request perhaps went a little too far. I accept, however, that anything the Government offer has to come with strings attached—a call for greater oversight to ensure that good practice is followed and the old complacent failures in the department are weeded out.

I know that my right hon. Friend is busy, but she might like to meet representative tenants in the borough so that she can hear directly from them. I also remind her that the Government have taken quite a lot of money—£712 million of subsidy surplus—since 2003-04 from the housing revenue account system. Tenants feel that if only they could get some of it back, it would help their situation.

I thank the Minister for all the time that she has already spent on this issue, but I hope that she can respond today in a way that will give us some hope. I cannot express strongly enough the anger, upset, misery and desperation in the homes of many of my constituents just down the road from Parliament. They feel that they can do nothing to stop this incredible increase and that the last resort has to be for me and my right hon. Friend the Member for Streatham to come here and speak directly to the Minister for Housing to see what the Government can do. I know that the Government want to help, and I hope that between us all we can find a solution.

2.45 pm

The Minister for Housing (Margaret Beckett): I begin by acknowledging at once the real concern that has been expressed by my hon. Friend the Member for Vauxhall (Kate Hoey) and my right hon. Friends the Members for Streatham (Keith Hill) and for Dulwich and West Norwood (Tessa Jowell) not only in this debate, but over the weeks and months. All Lambeth MPs share the same concerns, and my hon. Friend the Member for Vauxhall has made a powerful case today on the long-standing nature of the some of the problems in Lambeth, about which I have heard on many occasions over the years. As she has rightly and powerfully said, those problems are in no way to be laid at the door of the tenants, who are most impacted by the failures of service and the proposals that the council is making.

I also acknowledge at once that, as my hon. Friend has said, the reason for the rent increase that the council is considering is the need to balance the housing revenue account and the real difficulty in so doing. My understanding is that the council's rises come against a background of what have historically been some of the lowest rents in London and that, in addition, the council has experienced a number of challenging issues in respect of its housing service and management of stock.

Incidentally, I entirely accept my hon. Friend's point that such issues have happened under Administrations of all political shades.

Because the problems are of long standing, they can be difficult to resolve. However, I also recognise that the current council has begun to take significant steps forward, and I congratulate it on its progress. For example, it is working hard with the arm's length management organisations to reach a position at which they can qualify for funding to deliver a decent homes investment programme. I hope that the council will ensure that the ALMOs keep the Homes and Communities Agency advised of their progress and of any problems to make sure that there is a full understanding of the position and so that support that might be made available can be discussed.

As my hon. Friend has pointed out, we have recognised the general concerns raised by councils, including Lambeth council, about the current system of providing subsidy for council housing, and its impacts, including those on rents, for this year. The system is complex, and if there is anyone around who sees it as fair or transparent, they are keeping very quiet about it. The Government want to ensure that there is a long-term sustainable system for the future that is fair and affordable for councils, tenants and taxpayers, so a widespread review has been looking in depth at the cost of the landlord business, rents and the use of surpluses, redistribution and the background issues that influence the position in Lambeth and elsewhere. I hope that we will have the report of the review soon.

Whatever comes out of the review, I accept that it is vital that the council puts its housing finances on a better footing for the future. I am grateful to my hon. Friend for saying that both Lambeth's Members of Parliament and its tenants have concerns about that. As local authority and landlord, that is something for which the council has full responsibility. However, I share the concern expressed by my hon. Friend about how working council tenants, many of whom are among the least well-off in the community, can be expected to cope with very high rent increases in the present economic conditions.

Having recognised that, on 6 March I announced that the Government would consult on the overall position with regard to local authority rent increases. Guideline rent increases of just over 6 per cent. for 2009-10 and 2010-11 had initially been agreed with local authorities, after consultation, in order to give what was felt at that time to be much-needed certainty to local councils in planning their future budgeting and their spending on housing. Since then, of course, inflation has fallen very sharply, and it became clear that it would be wise to look again at the position to see whether we could provide help and assistance to council tenants. We had many representations expressing concern about the widening gap between the assumptions made by the Department last September and current levels of inflation.

Because, as a Government, we listen to the concerns that stakeholders express, we accepted that, if at all possible, something had to be done to address the situation, and we reacted quickly. First, I promised to look again at the guideline rent increase for the second year—2010-11—in the full understanding that the certainty that had been thought to be more desirable than anything else was beginning to look less desirable. I then began urgently to investigate the options to offer reduced guideline rents for 2009-10. The system is, as I have said, very complex, and we had to spend some time exploring the financial consequences of the different options. Having done so, and having successfully negotiated the necessary resources, I immediately announced our decision. It is our intention that any council reducing its actual rent rises for 2009-10 in accordance with the level of its average guideline rent reduction—from just over 6 per cent. to just 3 per cent.—will be compensated through increased subsidy, to pass on to the tenant through reduced rent rises.

I will take this opportunity, if I may, to refer to the point that has been raised on this issue—we have not revisited local authorities' allowances, which were set in the original subsidy determination last autumn. They were set, as were the guideline increases, according to inflation assumptions at the time, which were at a significantly higher level, and consequently the allowances are much more generous than they would be if they were calculated now.

Overall, this is a generous offer of improvements for tenants on the maintenance of the funding available to councils to help them to manage their own administrative responsibilities. I hope to see all councils take advantage of this opportunity to help their tenants by lowering their rents in these difficult economic times. I fully accept that, as my hon. Friend has said, against that background the dilemma faced by a council in Lambeth's position is particularly acute. It wants to help its tenants, which neighbouring boroughs may be able to do, but it needs to raise significant sums to tackle the complex and serious underlying problems in its housing finances.

Of course, whatever the guidelines, all councils are free to make their own decisions on the actual rent levels that they set in their particular circumstances. However, we are keen to see what can be done to help councils that wish to provide a better deal for their tenants to lower their rent increases. Our general consultation on the guideline rent reduction ends today, and we are now analysing the responses, so I have yet to establish the level of take-up of our offer or to fully assess the issues that councils have raised in responding. We will carefully consider all the responses, particularly Lambeth's, when we make the final subsidy determination.

My hon. Friend was kind enough to say that she believes that I want to help find a way forward, if at all possible. She is absolutely right about that, because I recognise the strength of the case that she has made. She referred particularly to the rental constraint allowance and to Lambeth's request for a special determination to make an adjustment to increase its rental constraint allowance bearing in mind that it uncoupled service charges from rents in 2007-08. She touched on the fact that that could perhaps deal with councils that are in that general position

It might help if I try to clarify the position. The rental constraint allowance was introduced for a limited period only, between 2006-07 and 2007-8. The purpose of that introduction was to meet a specific Government aim of enabling councils to keep their actual rent increases down to 5 per cent. in those years. Although I recognise the argument that Lambeth is putting, I understand that there was never any intention that the rental constraint allowance itself should be a means of encouraging local housing authorities to separate service charges from

[Margaret Beckett]

rents—de-pooling—in the way that some authorities, although not Lambeth, did at the time. Any benefits that authorities might have derived from de-pooling during the relevant period when the allowance was in place were coincidental.

That suggests that Lambeth has not been treated differently from other local authorities. I know that my hon. Friend will recognise, however reluctantly, the problems that would be caused if Lambeth were treated differently. It is impossible for any Government not to treat all councils fairly and to make particular exceptions because of unique circumstances. However, I assure her that we are prepared to listen and have been doing so, as she was kind enough to acknowledge.

We are already providing sector-led support through the Government office for London to help Lambeth to take forward the progress that it has made and build on its achievements so far. As my hon. Friend acknowledged, Department for Communities and Local Government officials have very recently met council officers, and we are considering very carefully all the issues that they put to us.

I know that it will be disappointing to my hon. Friend that I cannot say today that we have found a way forward through the path that she identified, but I assure her that I will continue to examine these issues very carefully with officers, representatives of the local authority and my parliamentary colleagues. We will reply quickly to Lambeth's response to our subsidy consultation, and I will continue to explore whether there are ways in which, without breaching the normal methods of handling problems that arise in local authorities, we can alleviate the real problems for Lambeth's tenants that she so eloquently identified.

Question put and agreed to.

2.57 pm

House adjourned.

House of Commons

Monday 27 April 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CHILDREN, SCHOOLS AND FAMILIES

The Secretary of State was asked—

Dedicated Schools Grant

1. **Mr. Hugo Swire** (East Devon) (Con): How much dedicated schools grant has been allocated to schools in (a) East Devon, (b) Devon and (c) England for 2009-10. [270732]

The Minister for Schools and Learners (Jim Knight): The Government allocate funding to local authorities, not by constituency, so we do not hold figures separately for East Devon. The guaranteed unit of funding per pupil for Devon is £3,843. The amount of dedicated schools grant that Devon receives is dependent on the number of pupils on roll. Devon will receive around £359 million for 2009-10. The indicative total of dedicated schools grant for England for 2009-10 is £29.8 billion.

Mr. Swire: I am most grateful to the Minister for that answer. He came down to Devon recently and gave an interview to my local paper in which he admitted that Devon is still slightly below the average for funding. The reality is that if the average amount allocated to schools according to the Government's funding criteria were met in Devon, Sidmouth college would be £300,000 better off in 2009 and Exmouth community college—the biggest secondary school in Europe, with 2,500 pupils—would be better off by £900,000. Does the Minister not agree that education in Devon is just as important as education in Birmingham? I have always considered him a fair man; will he therefore undertake today to end that discrimination against Devon's schoolchildren?

Jim Knight: I am looking forward to meeting the hon. Gentleman next month to discuss those issues and the dedicated schools grant review that we are undertaking. The truth is that Devon receives well over £1,000 per pupil more than it did in 1997, as part of the 75 per cent. real-terms increase in schools funding. We are committed to protecting school budgets, as we review the dedicated schools grant. I note that the hon. Gentleman is also meeting the hon. Member for Surrey Heath (Michael Gove) to discuss those matters, but I am not sure that he can make the same commitment.

Mr. Anthony Steen (Totnes) (Con): We on the Conservative Benches support the Government's approach to education. We are totally committed to it—we want more education, we want more jobs; we want all these things—but could the Minister please explain to the House why South Devon college, which is a showpiece in the south-west, has had its funding cut for this year and why Dartmouth college is falling to bits? The people there are ready to rebuild it, but they cannot get the funds.

Jim Knight: The hon. Gentleman has come to see me to talk about Dartmouth college. We have discussed how we might be able to take things forward, as we roll out our Building Schools for the Future programme, which is a Government commitment to refurbishing or replacing every single secondary school over 15 years. I know that South Devon college does a fantastic job and I am keen to see it develop as an outstanding provider of education in Devon. However, if there are issues that I need to look at with the Learning and Skills Council, I shall be happy to do so.

National Challenge Programme

2. **Siobhain McDonagh** (Mitcham and Morden) (Lab): How many academies and national challenge trust schools he expects to be opened under the national challenge programme. [270733]

The Secretary of State for Children, Schools and Families (Ed Balls): Our national challenge programme provides resources to transform up to 70 additional schools into academies and up to 70 schools into national challenge trusts. This September, more than 300 academies will open, and we expect that academies will have replaced more than 200 national challenge schools. So far, we have agreed 16 national challenge trusts and we are expecting to agree a further 34 shortly, of which 30 will open this September and 20 will open in 2010.

Siobhain McDonagh: In 2006, we opened two new city academies in Mitcham in my constituency, in the teeth of fierce opposition from the Conservative councillors. Those two schools have now doubled the number of pupils getting five GCSE passes. Will my right hon. Friend congratulate the sponsors, Lord Harris and the Church of England, as well as all the staff and the pupils at those schools? Will he also warn people that although those on the Conservative Front Bench may have converted to supporting academies, Conservative local councillors on the ground do not want schools in deprived areas?

Ed Balls: My hon. Friend makes two important points. The first point is that academies in disadvantaged communities are driving up results faster than the average, which shows that academies work. The second point, which she made about her constituency, but which is equally true of Dudley, is that for all the bluster from the Opposition, it is Conservative councils that are blocking academies round the country.

Mr. David Laws (Yeovil) (LD): If the problems with the national challenge programme continue, and if Ministers end up having to hold an inquiry into the matter, will the Secretary of State assure us that the evidence that

Ministers give to the inquiry will not be "false", a "fiction" and "sexed up", as Dr. Boston suggested of the evidence given to the SATs inquiry?

Ed Balls: All the evidence that is given by this side is accurate, and when any mistakes are made, they are always corrected as soon as they come to our awareness. The hon. Gentleman should be supporting the national challenge programme, because it is transforming the life chances of children in schools around the country. He should not join the Conservatives in opposing that part of school improvement policy as well.

Mr. Kevin Barron (Rother Valley) (Lab): My right hon. Friend will be aware that, earlier this year, his Department agreed a multi-million pound investment in the village of Maltby in my constituency, which included the rebuilding of three schools, one of which is the secondary school that is going to become an academy. Is he aware that the Conservative opposition on Rotherham borough council have voted against this, and that, on 15 April, at a meeting of the scrutiny committee that attempted to prevent the project from going ahead, the prospective parliamentary candidate for the Tory party, Councillor Lynda Donaldson, voted against the rebuilding of those schools?

Ed Balls: I understand the point that my right hon. Friend is making. I think that there is a theme here. Some people believe that the academies programme is right because it takes out the role of local authorities. Presumably that is because they are Conservative local authorities that oppose academies, as we have seen in London and Dudley. We are also now seeing it happening in Rotherham. Luckily, there is a Labour council in Rotherham and it is taking forward the academies policy. It is those Members on the Government Benches, not those on the other side, who believe in school improvement for disadvantaged children.

Mr. David Evennett (Bexleyheath and Crayford) (Con): In the current economic climate, surely education reform is vital to strengthen our economy. Will the Secretary of State now accept that extending bureaucratic interference in education is not the way forward?

Ed Balls: I am totally against the extension of bureaucratic interference, but I also believe that it is important that our schools should do a good job by all the children in our country. That is why Jim Rose is producing his primary curriculum review on Thursday to ensure that primary schools focus on the basics, including phonics. I do not support proposals to withdraw the national curriculum from some primary schools. That would set back reading, learning and phonics, and it would be the wrong thing to do. I will stand by parents on doing the right thing by education, and not by Opposition Members.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): At the weekend, my hon. Friend the Member for Surrey Heath (Michael Gove), in a widely acclaimed speech, announced a new Conservative policy that would extend the academies programme to include primary schools, freeing those schools from local and national bureaucratic interference. The former Labour education adviser to Tony Blair, Conor Ryan, welcomed the proposals in his excellent, well-written blog, but he expressed shock and disappointment at the response of Ministers to these proposals—particularly the "uncharacteristically sour" response from the Minister for Schools and Learners. He said that the Government's response would send chills down the spines of "thoughtful Labour supporters". Is the man who did so much to craft the education policies for the right hon. Member for Sheffield, Brightside (Mr. Blunkett) and Tony Blair wrong, and, if so, why?

Ed Balls: The hon. Gentleman is well known for his support for early reading, for literacy and for phonics. We have introduced a role for phonics and literacy in the national curriculum, and that will be strengthened on Thursday. The idea that he could support some successful primary schools opting out of the national curriculum beggars belief. This is not just about collaboration; it is also totally dishonest to come along with a policy to expand investment in academies while advocating cuts in the schools budget. That is what will send chills down the spines of parents.

Building Colleges for the Future (Barnsley)

4. **Mr. Eric Illsley** (Barnsley, Central) (Lab): What assessment he has made of the effects on sixth-form provision in Barnsley of the financial difficulties in the Building Colleges for the Future programme. [270735]

The Secretary of State for Children, Schools and Families (Ed Balls): I understand the difficulties being faced by Barnsley college, which is one of the 144 capital projects being considered by the Learning and Skills Council. The additional £300 million of capital funding that was announced in the Budget, including £80 million from my Department, will enable a number of the most urgent projects to start within the spending review period. In line with Sir Andrew Foster's recommendations, the LSC is consulting on which capital projects can be brought forward in that period.

Mr. Illsley: First, may I point out that I have not changed my name and that the entry on today's Order Paper is a typo? I am still the MP formerly known as Eric.

I am grateful to my right hon. Friend for that answer. He knows perfectly well the situation of Barnsley college. The fourth element of the college's rebuilding scheme is accommodation for our sixth forms, because the vast bulk of our sixth-form provision is within the college. Will he add his voice to that of the local Barnsley MPs in pressing the Learning and Skills Council for a decision in relation to Barnsley college—I hope one that will allow that fourth phase of the development to go ahead?

Ed Balls: My hon. Friend will understand why it is hard for me to press the LSC at this stage while it is carrying out its consultation, but as I said, in the next two years, £80 million of 16-to-19 funding is being brought forward now to help to deal with the issue. I understand the particularly acute needs of Barnsley college, given the advanced state of the plans and the investment there. The consultation will be done properly. We will also ensure that no college loses out. Like him, I would like the building of that final stage of the Barnsley project to be completed as soon as is practically possible.

Mike Penning (Hemel Hempstead) (Con): I am sure the Secretary of State is aware that all the secondary schools in my constituency have sixth-form provision. On 2 March, they were given their figure for the year. By 23 March, some schools had £90,000 removed from them—within three weeks. Will he meet a delegation of headmasters from my constituency and explain to them why they are losing so much funding and will have to cut sixth-form provision in my constituency?

Ed Balls: I fear that the hon. Gentleman may have missed the Budget announcement, which allocated—

Mike Penning *indicated dissent.*

Ed Balls: No, the hon. Gentleman did not miss the Budget announcement, in which case he will know that in the Budget we allocated £650 million over the next two years, which will guarantee more than 50,000 more learners, and all the learners in 2009-10 and 2010-11, including in his college. I am happy to have a meeting with those headmasters to say to them that they are getting the money. I hope he is not misunderstanding the position and he ought to be pressing his Front Benchers, who so far have failed to match our September guarantee for September 2009 and September 2010. That is what I will say when I meet his college principals: we are the ones guaranteeing the money; the Conservatives are the ones guaranteeing the cuts.

Rosie Cooper (West Lancashire) (Lab): It is not only Barnsley that has these problems. Skem college has outstanding a £41 million development of a new campus—a first and major step in the regeneration of Skelmersdale, which is a town of significant deprivation. Does my right hon. Friend agree that investment in Skem college is vital for the social and economic ambitions of the town and the college, and that a needs-based approach must be the one that is adopted when reviewing these matters?

Ed Balls: My hon. Friend is completely right and that is what Sir Andrew Foster proposed. He said that the Building Colleges for the Future programme is a brilliant programme. It is helping hundreds of colleges around the country and it is a record investment, but we have more colleges with plans than we have resources available. That is why this must be based on need. I have to tell my hon. Friend that if she wants to see that investment flowing through, it is vital that she continues to campaign for a Labour Government, because the Conservatives would cut those budgets.

Mark Pritchard (The Wrekin) (Con): Of that £650 million, will the Secretary of State confirm that some has been allocated to the excellent Telford college of arts and technology? In a time of rising unemployment in Shropshire and the west midlands, the college does a great job in reskilling and retraining people, and indeed keeping young adults in full-time education, yet they have been let down. They were told to think big and plan big, but now they are being told that a large extension cannot go ahead because the funds have dried up. That means that at least £1.6 million from existing funding will have to go into the design costs, let alone the abandoned build costs. Will he commit in the House today to TCAT being allowed to expand to meet the rising demand?

Ed Balls: The point I made a moment ago was that we have more projects in the pipeline than we have resources in the next two years and that the LSC is going through a prioritisation review. We will ensure over the coming years that all those projects are completed in time, because we will guarantee the funding, which the Conservative party would cut.

It is also the case that, because of the £650 million allocated in the Budget, the LSC has been able to write to all schools and colleges today to tell them that we will be guaranteeing the funding for September this year and next. We will fund the September guarantee because we want all young people who want to do so to stay in school or college or be on an apprenticeship. However, despite my repeated requests, I cannot get similar backing from the Conservative party because the hon. Member for Surrey Heath (Michael Gove) knows that the cuts committed for his budget would not allow that funding to flow. That is the difference. If the hon. Member for The Wrekin (Mark Pritchard) is honest, he will tell his constituents that fact. I am the one guaranteeing the funding. His party is not.

Excluded Children

5. **Lynda Waltho** (Stourbridge) (Lab): What recent discussions he has had with local authorities on proposals to abolish appeals panels for excluded children. [270736]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): There are no proposals to abolish these panels. This Government are committed to retaining the right for parents of permanently excluded pupils to appeal to an independent appeal panel, which is an established safeguard for pupils and parents.

Lynda Waltho: I thank my hon. Friend for that answer. I am particularly concerned about talk, especially from the Opposition Benches, about stopping these panels. They are a particular safeguard for children with special needs, who we know are three times more likely to be excluded. Will she assure me, the Council for Disabled Children and the National Children's Bureau that this Government and the education system will support these children, rather than let them down, which is much more likely should that despicable policy ever see the light of day?

Sarah McCarthy-Fry: My hon. Friend is right to draw that to our attention. Certainly, an amendment to that effect was tabled to the Education and Skills Bill by the Conservative party. The Special Educational Consortium said then, and we agree with it, that children with special educational needs were already disproportionately represented in exclusion statistics and the amendment would remove one of the remaining few checks and balances currently operating in the system.

John Bercow (Buckingham) (Con): Of course, schools sometimes mistake disability for disobedience. Children with special educational needs are nine times more

likely to be permanently excluded from school, and the Government are rightly committed to reducing the incidents of such exclusions. In the light of that, will the Under-Secretary of State consider the merit of amending the law so that a child with SEN or disability may be permanently excluded from school only if a review has taken place of the sufficiency and effectiveness of the reasonable adjustments that have been made under the Disability Discrimination Act 1995 to seek to accommodate that pupil?

Sarah McCarthy-Fry: I thank the hon. Gentleman for his question. I pay tribute to his expertise in this area of special educational needs, and we certainly share his passion and commitment to promoting improved outcomes for children with SEN and disabilities. I am, of course, aware that he has a private Member's Bill that is due for its Second Reading on 15 May. I believe that that is one proposal that may be considered in it. We certainly look forward to debating that.

Kelvin Hopkins (Luton, North) (Lab): While I accept my hon. Friend's answers to those questions, and following on from the question asked by the hon. Member for Buckingham (John Bercow), a few years ago a pupil in a high school in my constituency physically attacked a teacher and other pupils, who required treatment for their injuries. He was then excluded but put back in the school by an appeals panel. Is not the real problem that there is not sufficient provision in publicly provided residential accommodation for young people with serious behavioural difficulties to go into from time to time?

Sarah McCarthy-Fry: We certainly recognise the difficulties that children and young people with behavioural and emotional problems present in schools. That is why we are looking at the review of special educational needs; we have Ofsted reviewing special educational needs and Brian Lamb looking at how we can improve the experience for parents and young people. Certainly, part of that is how we manage behaviour in schools and how we ensure that there is sufficient provision to enable these young people to fulfil their potential.

Tim Loughton (East Worthing and Shoreham) (Con): Government figures last year revealed that there was a drop of 13 per cent. in permanent exclusions between 2003 and 2007 despite a 50 per cent. increase in the number of children suspended for five times or more—867 of them excluded for 10 times or more—at a time that saw 4,370 fixed exclusions for serious racist abuse and more than 207,000 serious offences, such as sexual abuse and violence. Yet, in no fewer than 40 per cent. of appeals against permanent exclusions, reinstatement was upheld so that pupils could return to the scene of their offences with impunity, most of them having nothing to do with SEN. Does the Minister think it right that a pupil who has been excluded for violent crime, racist or sexual abuse should be readmitted to schools under any circumstances against the better judgment of the head or the governors?

Sarah McCarthy-Fry: We are certainly committed to backing head teachers' authority when pupils' behaviour warrants exclusion. Last year, the number of successful appeals was just 1.2 per cent. of all permanent exclusions, so we must get this in balance. We obviously recognise, and we have said in response to Alan Steer's report, that repeated suspension should lead to permanent exclusion. We are certainly giving back head teachers authority in that.

Free Nursery Places (Reading)

6. **Martin Salter** (Reading, West) (Lab): How many three and four-year-olds in Reading have free nursery places. [270737]

The Minister for Children, Young People and Families (Beverley Hughes): I am grateful to my hon. Friend for his question. As he knows, free entitlement to early-years provision for three and four-year-olds is a universal offer that is taken up by almost all four-year-olds and more than 95 per cent. of three-year-olds. In Reading that equates to approximately 3,500 places, helping to give three and four-year-olds the best possible start in life.

Martin Salter: There is no doubt that the extension of free nursery education is one of Labour's finest achievements. In order to spread the word to a wider audience, can the Minister tell the House how many extra nursery places have been delivered in all Berkshire authorities since 1997?

Beverley Hughes: I am afraid that I cannot give my hon. Friend that information because the figures before 1997 are not available, but we know that it was not a priority for the Government at that time: free provision was patchy and often depended on whether one had a good Labour council funding it, or whether one could afford to pay. This Government have been the first to introduce and to be committed to universal free entitlement for all three and four-year-olds, and we remain so because of the difference that it makes to reducing inequality, to helping every child to fulfil their potential and to helping families to balance work and family life. Parents want to know whether all that will be in jeopardy if the Conservatives come back into government.

Mr. Rob Wilson (Reading, East) (Con): Many nursery providers in my constituency are under considerable financial pressure thanks to the changes made by this Government. A recent survey found that about half have considered closing. Many cannot meet the cost of free entitlement. How do the Government expect a broad range of nurseries to remain in business in Reading and elsewhere if they cannot afford to cover their basic costs?

Beverley Hughes: Frankly, that was nonsense. It is because this Government doubled the number of places for the under-fives that the private sector was able to expand in the way it did under the Government last year; there are now more than 1.3 million places. The funding that we are putting in for free entitlement is enabling those providers to stay in business largely. Certainly our independent research shows that the money that we are putting in—£4 billion a year across all early-years provision—is sufficient for free entitlement. We want local authorities to be more consistent in the way in which they administer that, but it is helping the private sector to thrive.

Mrs. Maria Miller (Basingstoke) (Con): My hon. Friend the Member for Reading, East (Mr. Wilson) is absolutely right. When it comes to nursery places in Reading or any other part of the country, the Minister knows that the sums do not add up. Two out of three nurseries still cannot provide free places for the Government money that they receive. Why, when more than 9,000 families are predicted to see their child care close by the end of this year because of the financial crisis, is the Minister failing to take action to stop the instability that is so damaging for so many families up and down the country?

Beverley Hughes: The £1.3 billion per year for the free entitlement is enabling many nurseries in the private sector to continue. We are committed to continuing that funding, along with the funding for Sure Start children centres and all the early-years provision in our maintained schools. The question that parents want answered is whether the hon. Lady, if a Conservative Government came to power, would be committed to continuing that funding and continuing the provision for the under-fives

Secondary School Expenditure

7. **Mr. David Chaytor** (Bury, North) (Lab): How much his Department plans to spend per secondary school pupil in 2009-10. [270738]

The Minister for Schools and Learners (Jim Knight): Separate figures are not available for secondary schools, as funding is not allocated by phase. Revenue and capital combined funding per pupil aged three to 19 in England for 2009-10 is £6,400. The average guaranteed per pupil unit of funding in the dedicated schools grant, which is the core element of school revenue funding, for 2009-10 is £4,218.

Mr. Chaytor: I thank the Minister for that reply, and may I say what a vast improvement that is on the situation before 1997? In the context of the financial crisis, does he detect any lessening of the Government's enthusiasm for seeking convergence in the funding of the 93 per cent. of children in state schools and the 7 per cent. of children in private schools?

Jim Knight: There is no lessening of enthusiasm at all; our commitment remains to safeguarding schools budgets. We are committed to the increases that we set out the year before last for this comprehensive spending review period—unlike others, who can make no commitment for the last year of that spending review period—and on the basis of those increases, we are narrowing the gap all the time.

Sir Nicholas Winterton (Macclesfield) (Con): The Minister always seeks to deal with questions in a helpful and sensitive way. Am I right to believe the information that is coming to me from a number of my local secondary schools that there is a problem in the funding of sixth-form education? This deeply worries me, because I believe that, at the sixth-form level, we really do dictate how people will succeed in their subsequent career and life. Is there a problem? If so, what are the Government going to do about it? As he knows, I come from what was Cheshire—now it is Cheshire East.

Jim Knight: I shall try to put this as helpfully and sensitively as possible. As we set out in response to earlier questions, in the Budget we announced more than £200 million for this year and more than £400 million for next year so that we can fully fund post-16 places and, indeed, an additional 55,000 extra learners. We are not just saying to schools and colleges, "Plan on the basis of what you had already predicted at the turn of year for post-16 places."; we are also saying, "If you can stimulate more into learning, we have the resources to listen to what you are saying and to see whether we can do even better than you were expecting."

Mr. Brian Jenkins (Tamworth) (Lab): We all welcome the increase in the baseline funding for secondary schools, but will the Minister assure us that, once again, he will re-examine the area cost adjustment, in order to take account of children who live in small pockets of deprivation and underachieve, yet are paid less than those in accommodating areas, where schools overachieve above the average and there is no deprivation, simply because they are not in metropolitan areas?

Jim Knight: Certainly I can tell my hon. Friend that we are looking at a new formula for the dedicated schools grant for the next spending review period. We have been working and consulting on that for some time, and we expect to be able to make some announcements towards the end of next year on the outcome of that work. During this spending review period, we acknowledge, for the first time, that there are pockets of deprivation in some of our wealthier authorities; we have begun a process of acknowledging exactly the point that he raises.

Mr. Andrew Robathan (Blaby) (Con): In the middle of March, Lutterworth college—the biggest school in Leicestershire—which is in my constituency, was told that it would get a certain sum for post-16 education, but at the end of March, the Learning and Skills Council told it that the sum would be less. Now, after the Budget, the Government are saying that they are going to find the money after all. May I say sensitively to the sensitive Minister that the situation is chaotic—to say the least? Can he now guarantee that Lutterworth college will be able to fund every place that it expected to fund this coming September?

Jim Knight: Yes.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I welcome the investment to which my right hon. Friend has referred in earlier answers. Do figures exist to show the funding that is being put into the STEM subjects—science, technology, engineering and mathematics? Is he confident that it is sufficient to ensure that every student who wants to study one of those subjects can do so?

Jim Knight: I do not have the figures at my fingertips for the extra resources that we are putting into the STEM subjects, which my hon. Friend champions so passionately, but it is crucial that we sustain the momentum that we have developed in science, technology, engineering and maths for our economy and to enable individuals to prosper in life. Those skills and competencies are hugely

important, and we will continue that commitment as we carry out the review of schools funding that I mentioned earlier.

Free School Meals

8. **Michael Fabricant** (Lichfield) (Con): What his most recent assessment is of levels of educational achievement by pupils eligible to receive free school meals; and if he will make a statement. [270739]

The Minister for Schools and Learners (Jim Knight): The attainment of pupils eligible for free school meals has improved strongly since 1997. An estimated 20,000 more FSM pupils now get the expected standard—level 4 or better—in maths at the end of key stage 2, which is the end of primary education, than 10 years ago and the figure is more than 16,000 for English. Last month the Department published "Breaking the Link between deprivation and low attainment—Everyone's Business", a comprehensive assessment of the reasons why children receiving free school meals attain less than their peers at every key stage, and we will say more on that key issue in the White Paper later this year.

Michael Fabricant: Both the OECD and the Rowntree Foundation agree that the great achievement of Labour over the last 12 years has been the widening of the gap between rich and poor in our communities. With 75,000 children receiving free school meals and 45 per cent. of them not getting a grade C or above at GCSE in any subject, what does the Government have to be proud of?

Jim Knight: We are proud that standards have risen in every authority and that the most deprived areas have made the biggest gains. We are proud that schools serving the most deprived pupils have made the most progress. We are proud that underperforming minority ethnic groups have made above average progress. We acknowledge that there is still a strong link, at individual pupil level and starting at 22 months of age, between disadvantage and achievement levels. Therefore, anyone serious about a progressive agenda would not cut Sure Start and children's centres, would not oppose national challenge and personalised interventions such as one-to-one tuition and would certainly not abandon the national curriculum through primary academies, meaning that effective reading schemes such as synthetic phonics would not be mandatory for those who need them most. Those are the policies of the hon. Gentleman's party.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): As the Minister will be aware, I am an evangelist for universal free school meals. In trials of universal free school meals in Hull and Scotland, educational attainment, attendance and behaviour all improved. At a recent conference of the Caterers Association, concern was expressed that the nutritional standards were too stringent. I do not know whether that is the case, but I have had representations from pupils in Gateshead who felt that taking the chocolate off the top of their flapjacks was a step too far. We all want school food to be healthier, but what is the Minister's response to the flapjack issue and the concerns of the association?

Jim Knight: While I am partial to the occasional flapjack, with or without chocolate—in fact, I enjoyed one with plain chocolate, cranberry and macadamia nut over the weekend—I do not think that they would meet the nutritional standard, with or without chocolate. My hon. Friend raises a more serious issue about the importance of free school meals. We are looking to pilot universal provision and we will make some more announcements on that shortly.

Michael Gove (Surrey Heath) (Con): All pupils, especially the most disadvantaged, need reliable assessments to ensure that they are making progress. However, I have serious questions about the Government's handling of assessment and their ability to deliver reliable assessment this year. The Minister said last year that delivering national curriculum tests was a mission-critical issue for his Department. When we warned on 19 May that last year's tests were going badly wrong, the Secretary of State said that it was an issue that he personally was monitoring closely. On 30 June the Government eventually acknowledged that the whole testing process had descended into shambles. Just how closely did the Secretary of State monitor those tests? How many times did he meet Ken Boston, the head of the agency charged with delivering the tests, between the alarm being raised in May and the end of June?

Jim Knight: The Qualifications and Curriculum Authority was pressed throughout the whole of the debacle relating to the delivery of the SATs for which it was responsible. The QCA was pressed by officials, by me and by the Secretary of State. We commissioned an inquiry into these matters, so serious were the problems relating to test delivery. Lord Sutherland carried out that inquiry and he remains of the view, as confirmed in a statement last week, that no new information has come to light that changes his findings from that inquiry, which said that the responsibility lay squarely with the contractor, ETS, and with the QCA.

Michael Gove: The Minister, like the Secretary of State, is once again evading responsibility for the truth. Ministers' testimony in the Sutherland report depicts them—the Minister has repeated this statement—as having regularly

"pressed QCA's Chief Executive for answers."

The Secretary of State told me in this House on 16 December that throughout the critical period, Ministers

"pressed QCA's Chief Executive for answers."

He told the hon. Member for Yeovil (Mr. Laws) that

"time and again...my officials and Ministers raised questions with the QCA". —[*Official Report*, 16 December 2008; Vol. 485, c. 996-999.]

Under further interrogation, he insisted, "We regularly asked questions". However, the QCA chief executive testified to the Select Committee on Children, Schools and Families last week:

"I was not asked to meet...the Schools Minister in the months leading up to the delivery failure...including the critical marking period in the final eight weeks. Nor was I being 'pressed' by ministers for answers on the telephone or by e-mail."

Is Ken Boston lying? If not, who is?

Jim Knight: The Secretary of State did press three times by mid-June. I have here a whole list of a series of meetings that I, officials and the Secretary of State had

with officials from the QCA, including Ken Boston. There was one problem when I recollected his presence wrongly as regards two meetings a fortnight apart. At the second meeting, on 2 July, I met Ken Boston and David Gee. I previously met David Gee and I previously met Ken Boston on all those occasions—*[Interruption.]*

Mr. Speaker: Order. Let the Minister reply—that goes for the Education Secretary, too.

Jim Knight: The records of all those meetings were given to Lord Sutherland. He carried out his inquiry, which was described even by Dr. Boston last week as fair. That inquiry fairly and squarely laid the blame and the responsibility where they should lie.

Fair Admissions Policies

9. **Andrew Gwynne** (Denton and Reddish) (Lab): What steps he is taking to promote fair admissions policies in primary and secondary schools. [270740]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): We recently improved the statutory framework, making admissions fairer, more co-ordinated and easier for parents. For 2009 entry, 83.2 per cent. of children got their first choice of secondary school, with 96.2 per cent. securing one of their preferences. Parents must now be consulted on local proposals and the schools adjudicator can examine arrangements without formal objection. Local authorities must now report annually to the adjudicator on fair access, informing his report on compliance to the Secretary of State.

Andrew Gwynne: I thank the Minister for her reply. Every year, schools admissions have been a hot topic in my constituency. I can understand the concerns of parents who are choosing a primary or secondary school place. As part of a fair admissions policy, we need quality information. What reassurances can my hon. Friend give parents in my constituency that they will have access to all the relevant information to enable them to make a fair choice?

Sarah McCarthy-Fry: I would like to reassure my hon. Friend that in Stockport, which covers his constituency, parents' preferences for school places were met at higher than the national average level. From next year, parents need only to apply to their home local authority for school places, including for applications in year. Information for parents must be clear and comprehensive and choice advisers are available locally to help the disadvantaged. We are requiring local authorities to produce composite prospectuses by 12 September each year.

Last April, we published a parents' guide to help parents navigate the admissions and appeals system. We will update that in July to ensure that parents have all the information that they need.

Simon Hughes (North Southwark and Bermondsey) (LD): Ministers have tried hard to amend the policy to make it better, but is it not still the truth that in local authorities where many or all schools are their own admission authorities it is sometimes very difficult to have a fair and flat playing field for applications? For example, in areas where there are a lot of Church schools, people who go to church get a far better deal than people who do not. What will Ministers do to give all pupils a fair opportunity to have access to all secondary schools?

Sarah McCarthy-Fry: The first thing we have done is to make sure that all schools, whether they are their own admissions authority or part of the local authority, act in accordance with the current code. They have to abide by the admissions code. Through that mechanism and also in the fact that we are now allowing the schools adjudicator to look into objections from wherever they come, we can continue to update the code and ensure that it is fair.

Topical Questions

T1. [270757] **Siobhain McDonagh** (Mitcham and Morden) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Children, Schools and Families (Ed Balls): I know that parents, teachers and children will be concerned by the reports over the weekend about the flu outbreak in Mexico. As a contingency measure we shall today remind schools and children's centres of our detailed guidance on planning for a possible flu pandemic, but our clear advice is that they should continue to operate as normal, taking their usual precautions against the spread of seasonal flu outbreaks and viral infections. My right hon. Friend the Secretary of State for Health will make a detailed statement to the House this afternoon.

We are publishing the Jim Rose review of the primary curriculum on Thursday, and ahead of that we are today publishing Sir Alasdair MacDonald's review of personal, social and health education. Our expectation, following his review, is that PSHE will become compulsory from September 2011, and we shall consult on the draft regulations alongside Sir Jim's final report.

Siobhain McDonagh: I thank my right hon. Friend for that answer. The only non-denominational all-girls school in my borough is at the far end of the neighbouring constituency of Wimbledon, which means that a large number of parents have been to see me recently because they wanted a girls school for cultural, religious, social or other reasons but have been unsuccessful owing to proximity being the only criterion. Can my right hon. Friend do anything to look at how we select places for all-girls education to ensure that it does not just favour the most well-off parts of our boroughs?

Ed Balls: As we heard earlier, my hon. Friend is a champion for children and parents in her constituency. As she knows, it is the local authority's job to commission those places, but it is perfectly possible for parents to make proposals for new schools. It is also now the case that under the admissions code parents should be consulted about admissions arrangements. If unfairness and lack of choice are problems for parents in my hon. Friend's constituency, I encourage her and local parents to make representations as part of the admissions code process for next year.

Mr. John Leech (Manchester, Withington) (LD): The Minister recently announced that Lancasterian school in south Manchester had been successful in becoming a

specialist school for communication and interaction, so does he agree that Manchester city council's plans to cut provision at Lancasterian threaten its future and should be shelved to give the school, which was rated as outstanding by Ofsted, the opportunity to become even better?

The Minister for Schools and Learners (Jim Knight): I am not personally familiar with the Lancasterian school, so I am not familiar with the circumstances and with what Manchester city council has said, although I am sure that I will be able to read the hon. Gentleman's press release later. I am happy to see whether there is anything I need to look into more thoroughly.

T2. [270758] **Phil Wilson** (Sedgefield) (Lab): Following the exchanges that we have just heard, can my right hon. Friend tell me how many times he personally pressed Ken Boston about SATs results and tests?

Ed Balls: I can, and I would happily have answered the question directly if the hon. Member for Surrey Heath (Michael Gove) had raised it with me. I have nothing to add to the evidence that I gave the Sutherland inquiry, which showed—as I said to Lord Sutherland—that following the exchange we had in oral questions on 19 May, I immediately, between my office and Ken Boston's office, raised the question with him and asked for reassurances, which I received. Secondly, I had a meeting with him on 2 June where I was reassured. Thirdly, on 6 June I asked Ken Boston to respond to a constituent of mine who had raised concerns, and Ken Boston wrote on 16 June to reassure my constituent that things were on track. As Lord Sutherland shows, Ministers regularly pressed Ken Boston and the QCA. It was only at the end of June that the actual problems arose. As Lord Sutherland says, his inquiry was fair. It had broad terms of reference and it concluded that ETS and the QCA were at fault. I entirely support Lord Sutherland's inquiry and his conclusions, and we will implement them, as is the proper thing to do.

T3. [270759] **Angela Watkinson** (Upminster) (Con): I am encouraged by Ministers' comments about the reinstatement of sixth-form school funding. The Coopers' Company and Coborn school in my constituency faces underfunding of 12 per cent. for its sixth-form pupils, while the Sacred Heart of Mary girls school faces similar underfunding of 10 per cent. They are eagerly awaiting a letter confirming that their funding will be reinstated. Will the Secretary of State confirm irrevocably that Coopers' Company and Coborn and Sacred Heart of Mary will receive funding for all their pupils in this year and to 2010?

Ed Balls: The answer is absolutely and irrevocably yes. The Learning and Skills Council wrote to all schools this morning to say that its plans as of the beginning of March will be delivered. It will come forward with more detailed allocations in the next few weeks. What happened was the number of those wanting to stay on was much larger than our budgets allowed for, and the LSC—wrongly in my view—committed to schools that such numbers could be met, without the funding being in place. We had extensive discussions about the budget, which led to the £654 million, and that means that we can now meet the September guarantee. It is only when there is money in the budget that a commitment can be made, and we now have the money in the budget and are making a clear commitment. I urge the hon. Lady to ask her colleague, the hon. Member for Surrey Heath (Michael Gove), to reply to my letters, because he will not match my commitment at the moment.

T4. [270760] **Mrs. Ann Cryer** (Keighley) (Lab): On Friday, I will visit the STAR centre at Keighley college. The centre, which is for primary and secondary children, promotes science, technology, engineering and maths, and puts an emphasis on aerospace research. Will the Minister assure me that funding for such centres will continue?

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): As a former vice-chair of the all-party group on space, and having visited many of our companies and businesses that are devoted to aeronautical and space research, I can guarantee for my hon. Friend that the Government are committed to continuing to support the technological industry, which will create many new jobs in the future.

T9. [270766] **Andrew Stunell** (Hazel Grove) (LD): The Secretary of State is pleased to describe school governors as the largest team of volunteers in the public sector, but they are beginning to feel that they are the most put-upon volunteers in the public sector as his endless review of their role goes on. What plans does he now have for changing school governance, or does he agree with many school governors that as the system is not broken, it does not need to be fixed?

Jim Knight: Although the hon. Gentleman turns his back on reform altogether, there is a case for building on school governors' strengths. Most school governors would agree that they could do with a better commitment to training to fill any skills gaps in the governing body. Many would agree that a commitment on trained clerks to governing bodies would be helpful to guide their work. There is plenty more that we can do to improve both the challenge and the support that governors offer schools. We are hugely grateful for their work. I am reviewing their role with others, and I expect to be able to produce proposals in the next couple of months that will take school governance forward.

T5. [270762] **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): Last week, with a delegation from Halifax, I met the Minister for Schools and Learners to stress the need for Building Schools for the Future funding to cover Calderdale council as a priority. Will he assure me that Calderdale's case will be considered, and will he visit my Halifax constituency so that he can see our need for such investment, especially as it will be a major consideration for Lloyds when it decides on the security of HBOS jobs in Halifax?

Jim Knight: I certainly enjoyed meeting my hon. Friend and my hon. Friend the Member for Calder Valley (Chris McCafferty) last week, along with others from Calderdale. It is really important that we continue to consider the case that my hon. Friend the Member for Halifax (Mrs. Riordan) makes, particularly as regards Castle Hill and Todmorden schools in the authority. The matter is not straightforward, as she knows, but she

is making an exceptional case. I just remind her, and anyone from her constituency who is listening, that it is the Labour party and this Government who are committed to Building Schools for the Future and to continuing that funding, rather than cutting it as the Conservative party would do.

Mr. Edward Timpson (Crewe and Nantwich) (Con): What is the Secretary of State's position on the introduction of online marking systems for all exams?

Ed Balls: That was a recommendation of Lord Sutherland's that we will seek to take forward in future years. In 2005, the QCA announced its decision not to proceed with online marking in 2006 and 2007, and in 2008, when Ken Boston, then chief executive of the QCA, wrote to me about the testing contract with ETS, he made no proposal for online marking. At no point has Ken Boston ever pressed on me the case for online marking. It is Lord Sutherland who is now pressing that case on the basis of his thorough, effective and independent review.

T6. [270763] **David Taylor** (North-West Leicestershire) (Lab/Co-op): I note from reports in the media that senior staff of examining boards now sell their services to schools and teachers, advising them how best to prepare pupils for the exams that they will set and mark. Is that not a clear conflict of interest that blurs the boundaries between private profit and public service, and should it not be outlawed if we want to continue providing our children with the high-quality, objectively assessed state education that will benefit them all?

Jim Knight: I was very concerned to hear of some of the practices advocated during one particular course or session that someone associated with one of the examining boards was last weekend reported by the BBC to be carrying out. I know that our independent regulator, Ofqual, and the examination board involved were equally concerned about that, and are looking into the matter. I do not think that I should make any further comment at this stage.

Annette Brooke (Mid-Dorset and North Poole) (LD): What recent assessment have the Government made of the effectiveness and adequacy of child employment and child performance legislation and regulations, and is it not time that some progress was made with reform, before there is serious injury or damage to children?

Ed Balls: I looked into this a few months ago. The legislation is in place; the issue is whether local authorities are properly implementing the legislation and the guidance. We contacted local authorities, and will continue to do so, to press them to take seriously their obligations to make sure that the registration schemes in place work properly. Our view is that it is not right to toughen up the law. The important thing to do is to make sure that the law that applies is implemented. That is the approach that we are taking to the very important issue that the hon. Lady raises.

T7. [270764] **Derek Wyatt** (Sittingbourne and Sheppey) (Lab): The Secretary of State will know that one of my local nursery schools has been treated quite appallingly by Ofsted. Is he prepared to meet the headmistress of the nursery school, along with the chairwoman of Ofsted?

The Minister for Children, Young People and Families (Beverley Hughes): My hon. Friend has kindly corresponded with me on the subject. I think that Ofsted has agreed that the initial report was unsatisfactory, and that the issue now is the rather large amount of compensation being pursued because, for six days, the report was on Ofsted's website. As he knows, Ofsted is a separate Government department, answering directly to Parliament and not to my Department. I would advise the nursery owner to go to the independent adjudicator, and/or through him to the parliamentary ombudsman, who can perhaps help to resolve this outstanding matter.

Bob Spink (Castle Point) (Ind): Will the Minister take action to stop Essex county councillors selling off Castle Point's school playing fields for development, and will he accept my congratulations on the Government's record on protecting our school playing fields?

Jim Knight: It has become a bit of a treat for us at topical questions when the hon. Gentleman pops up and has a go at his Tory former friends on Essex county council, as he always does. On his point about playing fields, I am grateful to him for his congratulations. We have certainly made every effort to protect them. In the few cases over the past 12 years in which they have been sold off, it has normally been because the school has closed and the whole grounds were surplus to requirements. I am certainly keeping a careful eye on Essex county council, thanks to the hon. Gentleman's efforts and those of one or two others in this House.

T8. [270765] **Mr. David Chaytor** (Bury, North) (Lab): Is there a better system for assessing pupil performance at key stage 2 than SATs, and if so, what is it?

Ed Balls: As my hon. Friend knows, we have an expert group which is looking at what we can do to improve the system of assessment. My hon. Friend also knows my clear view that objective assessment at key stage 2 must continue. That view is widely supported by the clear majority of parents. The key thing is to make sure that the accountability system improves so that we can reward schools that achieve progress for every child. That is what our report card will do, and we will publish details of that in the coming weeks.

Prisons and Probation

3.30 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): With permission, Mr. Speaker, I shall make a statement on prisons and probation.

Let me begin by paying tribute to the 70,000 staff working in the services. Last Monday, the Minister responsible for prisons, my right hon. Friend the Member for Delyn (Mr. Hanson), issued a written ministerial statement about the serious disturbance that occurred at Ashwell prison, Rutland on Easter Saturday. Prison Service staff acted with exemplary skill and professionalism in dealing with the riot. I thank them sincerely, as I do officers of Leicestershire constabulary and other emergency services who so ably assisted. Prison Service and police investigations are now under way.

Investing in prison and probation services has been a key priority for this Administration. Prison places are up by nearly 25,000, to 85,000, with spending rising by a similar proportion. The probation case load has risen by 52 per cent. since 1997, but spending has increased by 70 per cent. in real terms. This is the first post-war Government to see a sustained reduction in crime—down 39 per cent. since 1997, with the chances of being a victim the lowest for a generation. There was a 23 per cent. fall in adult reoffending between 2000 and 2006.

Understandable concern has been expressed about the numbers of juveniles and women held in custody. There has, over the past year, been a reduction of 8 per cent. in the number of juveniles in jail, while the number of adult women prisoners has fallen by 3 per cent. over the same period. In response to my noble Friend Baroness Corston's recommendations, I have committed £15.5 million over two years to help divert vulnerable women offenders from prison. We also want the Prison Service and the NHS better to deal with offenders with mental health problems. My noble friend Lord Bradley's report on this will be published shortly.

My noble friend Lord Carter of Coles was asked in 2007 to consider how better to manage short and medium-term prison pressures. I published his report alongside an oral statement on 5 December 2007. Since the publication of Lord Carter's report we have already provided an additional 3,500 prison places. Lord Carter recommended that net capacity should be brought up to 96,000 by 2014 and that 7,500 of these places should be created by the construction of three 2,500-place prison complexes, described as Titans. In June last year we launched a consultation on those proposals. I am most grateful to all those who responded. The Government's response to the consultation is published today, along with the document "Capacity and Competition Policy for Prisons and Probation" and an economic impact assessment. Copies are available in the Vote Office and the House Library.

Once a prison is established in an area, almost without exception the local community becomes very supportive of it. A prison is a source of secure, well-paid employment and a focus for much highly creditable volunteering. The research evidence, which shows that prisons have no adverse effect on house prices or crime rates, is then borne out by experience, although proposals for new prisons can at first be controversial.

I did see merit in Lord Carter's proposals for 2,500-place prisons, especially as they would have been complexes with four or five distinct and separate regimes, but most of those whom we consulted took a different view, and believed that the advantages were far outweighed by the disadvantages. Not the least of those of that view was Dame Anné Owers, Her Majesty's chief inspector of prisons.

I have looked very carefully at everything that has been said and, in the light of the consultation, concluded that the right approach is to deliver the 7,500 places not through Titans but through five prisons holding 1,500 offenders, each divided into smaller units. We already operate successfully a number of prisons at or around that size.

John Bercow (Buckingham) (Con): You're a great man!

Mr. Straw: We will leave that to one side for a moment.

The new prisons will be neither Victorian replicas nor large warehouses. They will be modern, purpose-built institutions for adult male prisoners only. They will be safe, secure and effective in helping prisoners deal with their offending and develop the work, education and life skills that they need to turn their lives around.

I can announce today that we are working to secure sites for the first two 1,500-place prisons at Beam Park West in the London borough of Barking and Dagenham, and at Runwell in the borough of Chelmsford in Essex. Both prisons will be privately built and run, and their construction and operation will sustain many hundreds of jobs. Prison capacity planning depends crucially on projections of future demand and judgments about the cost-effectiveness and appropriateness of replacing older places with new capacity. Those and other considerations are kept under constant review, and further decisions about sites and the removal of older provision will be announced in due course. However, in that context, I can tell the House that we will not be pursuing a prison on the Omega site in Warrington.

Work is already in hand to increase capacity by approximately 8,500 places over the next three years. It also remains my intention to withdraw the end-of-custody licence scheme as soon as safely possible. The expansion will include two new public prisons, Isis, adjacent to Belmarsh, and Coltishall, a former RAF base in Norfolk, and two new private prisons, Belmarsh West and Maghull. We are also expanding HMP Littlehey, near Huntingdon, to provide 480 places by early next year, as a quicker, more cost-effective option than buying and converting a prison ship.

At all times, but especially in today's economic climate, we have a duty to ensure that prison and probation services work as efficiently and effectively as possible in the interests of the public. We are seeking to improve the efficiency of public sector prisons through reforms to work force structures for new uniformed staff and by reducing management costs. From today we will consult on the detail of those plans.

Nearly 90 per cent. of prison places are delivered directly by the public sector, but the private sector also plays an important part. The Government's approach to competition was described in last November's pre-Budget report and in last Wednesday's Red Book.

I have already set out the situation for new-build prisons. Five existing prisons have previously been subject to competition. Of those, Manchester, Buckley Hall and Blakenhurst are run by the public sector, and Doncaster and Wolds are run by the private sector. Each will be subject to a new competition as their current contracts end. Blakenhurst now forms part of HMP Hewell, so we will put the Hewell cluster out to competition when the contract for Blakenhurst ends in August 2011. Two poorly performing public prisons will be market-tested this year—Birmingham and Wellingborough. Public, private and third-sector providers will all be invited to bid in respect of those market tests.

It is against a background of greatly increased real-terms budgets that the probation service is being asked to make some savings of low percentages this year and thereafter. Detailed analyses show that, historically, the work load and resources of probation areas have not necessarily been well matched—especially when measured against convictions, the key determinant of work load. So, we now seek to target resources better to match needs. We want to be clearer about the service that probation should deliver, to reduce administration costs and rigorously to manage contracts.

The probation trusts programme gives areas greater control over budgets and enables the private and third sectors to provide more services. If probation boards fail to become trusts, then from 2010 options will include amalgamation into existing trusts or being put to competition in the open market. Probation court services will remain with the public sector, as required by the Offender Management Act 2007. Probation areas are now also required to review their services against a national "best value" framework. If services fail to meet the standards necessary, areas must improve performance or use competition to identify alternative providers. As the first services to be reviewed in 2009, at least 25 per cent. of community payback and victim contact services will be subject to competition in this open market.

As I have already reminded the House, since 1997 we have provided nearly 25,000 places to accommodate the most serious, dangerous and persistent offenders; and we are committed to bringing the total number of places up to 96,000 by 2014—just five years away. Over the past decade, prison conditions have been transformed. As Her Majesty's chief inspector of prisons has acknowledged, prisons today are more decent, more constructive and considerably more secure. They are places both of punishment and reform. The measures I have announced today for expanding and modernising the prison estate, and for the management of prisons and probation, will allow us to realise still further improvements to public protection and reoffending, with maximum benefit for the tax-paying public. I commend this statement to the House.

Mr. Dominic Grieve (Beaconsfield) (Con): I thank the Justice Secretary for advance sight of his statement. I join him in paying tribute to the service and commitment of prison and probation staff, and police and emergency services, under such challenging conditions. May I therefore express my disappointment that once again he has trailed a major policy announcement in the weekend press, with the Government's usual disdain for this House?

I should say at the outset that I welcome the Government's U-turn on Titan prisons; giant warehouses are no good for reforming prisoners or for protecting the public. However, the Justice Secretary first announced Titans amid great fanfare in 2007. Why has it taken almost two years to work out what Opposition parties, the chief inspector of prisons, the voluntary sector and prison officers told him then? Is it because the Government ran out of money, or because the policy ran out of spin? The stark reality is that this U-turn is the nail in the coffin of a flawed approach to tackling crime.

Violent crime has nearly doubled under Labour, with Ministers advised to expect a further surge during this recession. The Justice Secretary has released more than 50,000 prisoners early, including 14 violent offenders every day, to grossly inadequate aftercare; and we have seen Ashwell prison virtually destroyed in a riot. Does he now at last accept that these systematic failures are the direct result of his Government failing both to provide enough prisons and to provide the right prison regime? Take prison numbers; more than half of prisons are overcrowded, and 70 per cent. of prisoners are in overcrowded cells; and on top of early release, dangerous offenders have been moved to open prisons to create space. We now face the possibility of serious unrest, with prisons bursting at the seams. Can he tell the House whether he received any warning from the Prison Service of the riot at Ashwell before it took place? Has he received any further warnings of possible unrest elsewhere?

The current crisis is a direct result of reckless neglect by Ministers. Many will suspect that the sudden conversion over Titans is really just cover to delay or dilute the Government's pledge to provide the additional 15,000 places that we need, net, by 2014. Ministry of Justice officials advised only last year that 15 prisons would be needed to match the capacity otherwise provided by Titans, but the Justice Secretary is now proposing just five. Will these be mini-Titans, or is he reneging on his pledge to provide the extra places that we need within the timetable that his officials have said is necessary? We will look carefully at the particular sites that he now proposes. Can he explain what consultation process is under way for each site?

Then there are the costs. The Prison Service already faces a black hole of nearly £500 million. How will the Justice Secretary fund these proposals? He says that he intends to end early release. Well, he has said that before. When will it end, and does he recognise that nothing can make up for the failure to invest in the prison estate since he was first warned of the looming crisis more than a decade ago?

As I said, I welcome the abandonment of the Titan model in favour of smaller prisons, because we will never reform our prisons until we reform the poor regimes that are the direct result of overcrowding. However, these proposals are too little and too late. Can the Justice Secretary confirm that more than half of all prisoners now have serious drug addictions, but that fewer than 10 per cent. are on rehabilitation programmes? Can he confirm that vital programmes in work and skills have been shelved because of the overcrowding, and does he accept that far from a reduction in adult male reoffending from prison, as he claims, there has in fact been a rise in reoffending from 57 per cent. in 1996 to 65 per cent. in 2006, at which point the Government fiddled the figures rather than tackle the problem?

[Mr. Dominic Grieve]

Turning to probation, the Justice Secretary has, I think, announced cuts. Will he tell the House how many probation areas will see a reduction in their budget, and can he guarantee that public safety will not be compromised? Amid the disinformation and bluster, two things are now crystal clear. The Government are papering over the cracks of a prison crisis that is entirely of their own making and, as the author of that failure, the Justice Secretary appears incapable of providing a credible solution.

Mr. Straw: Let me respond to the hon. and learned Gentleman's points. First, on leaks, I can tell him—if he had been in my Department, this would have been visible and palpable to him—that I did not appreciate the leaks that took place. But the last party and the last individuals in the country to complain about leaks should be the Opposition and their Front Benchers. They actively encourage leaking, and they need to bear that in mind. They want a culture of leaking, in which people are not loyal to the Government of the day. *[Interruption.]* Well, that is what he sought, and as one sows, as the good book says, so shall one reap.

The hon. and learned Gentleman asked me why it has taken until now to alter the policy in respect of Titans—it has been altered, and I make no pretence that it has not been. Well, we had a consultation. Lord Carter of Coles was asked to produce a report, and he went away and produced it. I was attracted to his proposals; there was no dispute about that. I thought that large prisons, provided that they were divided into smaller units, would work and be cost-effective. On the face of it, the arithmetic was also very attractive. We had a consultation, and rather to my surprise there was overwhelming opposition to the proposals for very large prisons, not least because prisons had not been built on such a scale before. We had no experience of that, and experience abroad was, on the whole, not good. Yes, I did listen to people—I plead guilty to that. I have never had an ideological view in favour of 1,500 or 2,500-place prisons. I have a view in favour of prison expansion, but I happen to think that today's proposals are the better way, and a number of prisons of the size that I have described already exist.

The hon. and learned Gentleman asked me about an advance warning about Ashwell. No, we received no warnings, and neither did anybody in the Prison Service, so far as I know. Nor have we received any warnings about any impending difficulties inside prisons, although he would not expect me to go into any detail if we had. Riots and serious disturbances take place from time to time in prisons, but since he was trying to imply that things had got worse since 1997, I shall say that actually they have got a lot better on almost every measure. There is 10 times the investment in drug treatment. I will send him explanations of this, but there are much better reoffending rates than ever before. After a temporary period when the prisons were under very serious pressure, they are no longer "bursting at the seams". The number of escapes has gone right down, to zero last year, and touch wood and please God that may continue. That can be compared with the early 1990s, when there were four escapes a week—so many that private offices did not bother to tell their Ministers, as they were seen as routine. Prisons are safer.

On probation, we already told the probation services about some reductions in their budgets for the current year, but that budget was over their budget for last year. Since those services have underspent by getting on for £30 million, there will, in practice, be no cuts to budgets for this year.

The hon. and learned Gentleman may wriggle, but the Conservative Government established a measure, which they said was the best measure of crime rates—the British crime survey. The Conservatives admitted that, according to the British crime survey, crime had gone up by 50 per cent. between 1981 and 1997. According to the same measure—theirs—it has gone down by 39 per cent. since 1997. We are the first Government since the war to get crime down and we are proud of it.

Hilary Armstrong (North-West Durham) (Lab): I welcome my right hon. Friend's statement, especially his commitment to dealing more sensitively than through the normal Prison Service with vulnerable women, and to addressing mental health issues. Far too many of our prisoners have a difficult background and end up with mental health issues.

I particularly want to ask my right hon. Friend about community payback. The public need to know that people who have offended are doing useful things in the community, and that that is one way in which we can begin to turn lives around, especially young offenders' lives, so that they recognise not only the impact of their crime, but what they can give back. What proposals does he have to ensure that community payback genuinely works more effectively and that many more local people are properly involved?

Mr. Straw: I am grateful to my right hon. Friend for her approval of what I have said. It is important that the public are better informed and involved in community payback. That is why we have introduced the high visibility jackets, which have gone down very well throughout the country, as a senior officer in the Lancashire probation service told me in Blackburn on Saturday. Even in areas where there is a bit of resistance, the public now see the point. We want the public to make proposals for the use of community payback schemes. At a residents' meeting—again in the blessed borough of Blackburn—on Friday, exactly that proposal came up, so the point is getting through.

David Howarth (Cambridge) (LD): I also thank the Secretary of State for early sight of his statement—and for the advance warning I gained by listening to him on the "Today" programme. I also welcome the announcement that the extravagant and much-derided Titan programme has been abandoned, but I do not welcome much of the rest of the statement. How is building five very big—dare I say Promethean?—prisons instead of three enormous Titan ones any sort of change of direction? Raising the prison population to 96,000 is inherently the wrong policy, even if the right hon. Gentleman has found a slightly cheaper way of doing it—although he failed to tell us precisely how much cheaper, and I will press him on that.

By linking the fall in crime with the rising prison population, the Secretary of State seems again to claim that prison works, but will he not admit that crime rates have been falling since the mid-1990s in almost the

whole of the western world—except, it seems, Belgium—regardless of whether countries have used prison more? In relative terms, Britain is in the same place now in the international league table of crime as it was then—in the top two. In comparative terms, the Government's prison expansion policy has made absolutely no difference to crime.

Does the Secretary of State not recognise that the current financial conditions mean that the country can no longer afford that sort of posturing? As the Prison Reform Trust pointed out, we already spend an astonishing 2.5 per cent. of our gross domestic product on criminal justice. We now need to concentrate all our resources ruthlessly on what works to prevent reoffending and to prevent crime. We know that short-term prison sentences do not work. Three quarters of all young offenders reoffend within a year.

Will the Justice Secretary now admit that his own Department produces briefings that clearly indicate what does work? For example, alcohol and drug treatment in the community both work. They work on the one hand to reduce violent crime and, on the other, to reduce acquisitive crime. We also know that restorative justice works to reduce both. He should be retargeting the overstretched probation and prison resource budgets on what works, not tinkering with the details of how probation and prison are delivered.

The country can no longer afford to waste resources on policies, the only objective of which seems to be to curry short-term favour with tabloid editors. We would not allow tabloid editors to decide what sort of treatments should be used to prevent swine flu, so why should we allow them to decide what works to reduce crime? The game of punitive leap-frog between the Labour and Conservative parties is an expensive indulgence that the country should no longer tolerate.

Mr. Straw: I note what the hon. Gentleman has said and I now look forward to every Liberal Democrat "Focus" leaflet across the country declaring the consequence of that policy, which is that dangerous and violent offenders and persistent drug dealers will no longer be sent to prison. As for crime rates, perhaps he will also ensure that not a single author of a "Focus" leaflet will ever claim credit for getting crime down in his or her area or criticise a Labour or Conservative council for some failure in the other direction.

Frankly, the hon. Gentleman's remarks were waffle from beginning to end. What we know is this: of course it is true—there is almost a consensus on it in the House—that where possible, offenders should not be sent to prison. That is why we have put large sums of additional money into the probation service, including £40 million recently, to help the courts divert persistent offenders away from prison. The number of short-term prisoners has been going down. It is the serious offenders who are going to jail—the ones whom the hon. Gentleman seems to want to release.

As for crime rates, all I can say is that there is a relationship between central Government and local government policies and whether crime goes up or down. That is, without question, the reality. The political choices that the public make about crime and law-and-order policies make a difference to whether their streets are safe or not.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I know that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), as the Chairman of the Select Committee on Justice, would have liked to be here, were it physically possible, in order to respond to today's statement on behalf of the Committee. As a member of the Committee, may I welcome my right hon. Friend's decision not to proceed with Titan prisons? I also welcome his reference to the drop in the number of young offenders held in custody and his intentions in relation to both the Corston report and prisoners with mental health issues. I must inform the House that the Committee found the report by Lord Carter deeply unconvincing.

Members will read today's statement and documents with great interest, but my right hon. Friend will be the first person to acknowledge that the devil is in the detail. Will he undertake to continue to listen and respond to concerns from the Committee, not least on the need to invest in community sentencing and restorative justice, to make investments that work in cutting reoffending and, in particular, to get the judges to understand the value of such sentences? Will he also undertake to listen to what the Committee has to say about justice reinvestment and the work on the role of the prison officer that the Committee is engaged in?

Mr. Straw: The answer to all my right hon. Friend's questions is yes. I am very committed to restorative justice, which has been a passion of mine for many years. In respect of the judiciary, it is worth both him and the House bearing in mind that the judiciary is committed to making use of alternatives to prison, but the criticism usually made of the judiciary is not that it is too hard on offenders, but that it is too soft. The judiciary is in a difficult position, as are all public policy makers.

Mr. Simon Burns (West Chelmsford) (Con): Will the Secretary of State confirm that Boreham airfield was also on the list for consideration as a Titan prison? Can he assure me, for my constituents' peace of mind, that Boreham airfield will not be proposed at a later date for consideration as a mini-Titan prison? Boreham would be totally unsuitable for that purpose and the people of Chelmsford would not accept it.

Mr. Straw: The hon. Gentleman will recognise that we have announced the two sites today, and a list was made public on Friday, in response to the hon. Member for Billericay (Mr. Baron), of the large number of sites that we have looked at. We have made relative assessments those sites. I cannot make a prediction for ever and a day, but we have announced two sites today and the one to which the hon. Gentleman referred is not one of them. I would add that it is improbable that we would build two prisons quite so close to each other on such different sites.

Mr. Neil Gerrard (Walthamstow) (Lab): According to a statement on page 125 of the Red Book, published last week,

"all new-build prisons will be built and managed by the private sector",

yet the Secretary of State seems to have been saying something rather different this afternoon. He mentioned a couple of new-build public sector prisons. If he is

[Mr. Neil Gerrard]

moving away from all-private-sector new build, I would very much welcome that, given the lack of evidence that such developments are cost-effective or that the private sector runs those prisons efficiently. Will he clarify the position, and will he also confirm that the five existing prisons that to go out to competition will be open to competition from the public sector as well as the private sector?

Mr. Straw: The answer to my hon. Friend's last question is an emphatic yes; they will be open to competition from the public and private sectors—and, indeed, from the third sector. So, too, will the two prisons—at Birmingham and Wellingborough—that are to be market-tested. I very much hope that prison officers and the public sector will put in a bid. As for the cost-effectiveness of the private sector, on page 7 of the capacity document that we have issued my hon. Friend will see a reference to the cost-effectiveness benefits that have resulted from having part of the service in the private sector. What was in the small print in the Red Book is fully consistent with what I have said. Should there be any doubt about it, what I have said is the truth.

Sir Patrick Cormack (South Staffordshire) (Con): May I ask the Secretary of State and Lord Chancellor whether it is still the intention to build a prison for 1,600 inmates adjacent to Featherstone and Brinsford in my constituency? If that is still the intention—the application has gone in from his Department—will he give me an assurance that it will be a public prison, not a private one?

Mr. Straw: The answer is yes to the hon. Gentleman's first question. That is still our intention. The answer to his second question is that I cannot give him that commitment because no final decisions have been made.

Helen Southworth (Warrington, South) (Lab): My right hon. Friend is well aware that my constituents want the Omega site in Warrington to develop as a high-quality business park containing quality offices, new technology manufacturing and associated hotels and retail premises. Will he assure us that his statement today that the Department is not seeking to locate a prison on the Omega site will hold for now and for the future?

Mr. Straw: Yes, I can give my hon. Friend that assurance. As far as this Government are concerned, that is an absolute guarantee. We have, and will have, no plans for a prison on that site. We cannot say that about everywhere, but one of the compelling arguments that she and my hon. Friend the Member for Warrington, North (Helen Jones) have advanced is that Warrington already has two prisons—Thorn Cross and Risley. We also took into account the attractions of that particular site.

Bob Russell (Colchester) (LD): The Justice Secretary has announced today that there will be five prisons, each holding 1,500 offenders, but he has identified only two sites: one in Essex and one in metropolitan Essex. Today's Colchester *Gazette* reports that his Department is looking at three sites in my constituency. Will he explain what consultation has taken place with the local authority and the local Members of Parliament? Will he give us a decision on whether Essex is going to get one of the additional three sites?

Mr. Straw: We have no plans to build additional prisons in Essex, apart from the ones that have been announced. Last Friday, we responded to a freedom of information decision of the commissioner—the FOI request had been put in by the hon. Member for Billericay—and from recollection, the information provided listed 72 sites across the country. That reveals an inherent problem in the planning of all such big projects: to begin with, such sites must be identified fairly privately—the hon. Member for Colchester (Bob Russell) will know that, as I think he served on a local authority—but many sites are ruled out from the beginning. However, an FOI request was made. I thought there were good reasons, precisely so as not unnecessarily to worry local residents as the hon. Gentleman's constituents have been worried, not to make those proposed sites public, because these were simply inquiries. However, wherever a decision is made to secure a site—that is the decision, and no more, that I have announced today in respect of Runwell and Beam Park West—there is a proper planning process and process of public consultation in the normal way.

Mr. George Mudie (Leeds, East) (Lab): I would have liked to ask the Secretary of State why he thinks locking up an additional 25,000 people—many if not most of them with drug and mental health problems—is a matter to boast about, but I will not, as I must ask him about probation cuts in Leeds and west Yorkshire. He said that this is simply a matter of moving resources to convictions. The Leeds MPs have been approached by the Leeds probation officers, who tell us that they are losing a large number of posts, yet the work load is growing.

Will the Secretary of State agree to look at the Leeds situation to see whether Leeds MPs are being misled. If they are not, will he reverse these cuts in my area?

Mr. Straw: I am very well aware of the concern of parliamentary colleagues and the probation services across the Yorkshire and Humberside region. There are particular reasons for the levels of concern, and of course I am ready to meet with my hon. Friend and his colleagues. As the Minister of State, my right hon. Friend the Member for Delyn (Mr. Hanson), who has responsibility for prisons and probation, has just commented, Steve Wagstaffe, who is the new regional director of offender management for Yorkshire and Humberside is examining the budgets of those probation services in conjunction with those services. If we need to make other decisions, we shall do so.

James Brokenshire (Hornchurch) (Con): The Beam Reach business park in Rainham in my constituency was actively being considered as a potential site for the prison in London and I note that Beam Park, which is on the edge of my constituency, has now been put forward. Will the Secretary of State confirm the category of prison envisaged at Beam Park and the nature of the consultation and discussions that will take place with local residents, so that they are clear as to the proposals being made?

Mr. Straw: It will not be an open prison and it will not be a category A prison. For different reasons, open prisons and high-security prisons most worry local residents. It will be a normal category B or category C prison. The precise decision will have to be made closer to the time of opening, but of course there will be a lot of consultation about that. In some areas—although not, as it happens, in my area of east Lancashire, where we want a prison but cannot find a site for one, despite active local authority support across the political spectrum—there is public concern about the siting of prisons. I understand that, and I saw for myself in Peterborough, for example, huge opposition to Peterborough's new prison when I was Home Secretary, but it now has a prison, which is working well and is publicly supported. I am glad to see the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) expressing his support for that.

There will be anxiety, but these are very good, well-paid, secure jobs—typically for those who have lost their jobs as semi-skilled or skilled manual workers, especially men, in manufacturing industries. This is really good news for the area, economically as well as socially.

Mr. Gordon Prentice (Pendle) (Lab): Is not asking the public what offenders should do as part of the community payback scheme the worst kind of populist nonsense imaginable? May I also ask my friend about the small print of the prison budget in the Red Book, where he calls for £82 million of savings to be made by allowing prison staff arrangements to be reprofiled? What, exactly, does that mean in plain English?

Hon. Members: Go on—condemn populism.

Mr. Straw: One man's populism is another man's or woman's democracy. I say to my hon. Friend, who shares a valley with me, and much else besides, that all of us have an interest in maintaining and responding to public approaches and public attitudes. Personally, I do not think that it is remotely populist in the pejorative sense of the word to ask the public where they think various works of environmental improvement should be carried out. The public, not me or the local probation service, came forward with that idea at one of my residents' meetings on Friday. Why should we as Members of Parliament, Justice Secretaries or the probation service think that we know best and the public know least.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I say to the Justice Secretary that he is quite right to jettison Titans? I noted in the statement that the new prisons are to be run privately. May I also say to him that it is very important that the contracts make express provision for proper and purposeful activity, particularly education and work, and that furthermore the Department must do its best to prevent people from being churned through those prisons? What is important is stability within the population, so that purposeful work can be delivered.

Mr. Straw: I entirely agree with the right hon. and learned Gentleman in all the points he makes. One of the values, if one gets them right, of larger prisons—for example, the cluster at Her Majesty's prison Hewell, formerly Blakenhurst, between Bromsgrove and Redditch—is that it is possible for prisoners to serve the whole of their sentence in one place: in a cat. B local prison, to a cat. C trainer, and then to a cat. D open prison. With one offender manager, there is a better chance of ensuring that prisoners stay straight when they leave.

Several hon. Members *rose—*

Mr. Speaker: Order.

Swine Flu

4.12 pm

The Secretary of State for Health (Alan Johnson): With permission, Mr. Speaker, I should like to make a statement on the reports of human cases of swine influenza, known as the A(H1N1) infection, in some parts of the world, notably Mexico and the United States of America.

The outbreak began in Mexico on 18 March, and as at 9 pm last night, there have been over 800 cases and 89 deaths in that country. However, to date, only 18 cases in Mexico have been confirmed as being caused by the H1N1 virus, and it is highly possible that other, more routine causes of infection are also currently circulating in that country.

On Tuesday last week, under the terms of the international health regulations, the United States reported seven cases of the H1N1 infection. On Friday 24 April, the United States Centres for Disease Control and Prevention confirmed that samples from Mexico contained the same virus as those in the United States. Twenty cases have now been confirmed in five different states of the USA, four have been confirmed in Canada and one in Spain. Suspected cases have also been reported in New Zealand, France and Israel, although it is important to note that these are suspected cases and have not yet been confirmed as the H1N1 infection.

In the UK, 25 cases under investigation have been reported. Eight of these have proved to be negative, and three are currently undergoing further specialist tests. These three patients are in isolation wards in hospital, after recently travelling in Mexico. People who have been in close contact with them are being contacted. The remaining 14 suspected cases are undergoing initial investigation and the people involved are sufficiently well to be managed in the community.

It is too early to say whether the cases in Mexico and the US will lead to a pandemic. Scientists do not yet understand the extent to which cases in Mexico and the US are linked and are not yet able to make a complete assessment of the health implications of this new virus.

A pandemic is declared when the World Health Organisation raises the pandemic alert to phase 6. That means that there is widespread person-to-person transmission of a virus in the general population. At the moment we are at phase 3.

The director general of the WHO, Dr. Margaret Chan, has declared that this is a public health emergency of international concern. The WHO is convening a committee of experts from around the world that is meeting this afternoon to review the situation and to determine what further action is required at a global level.

In deciding the state of the pandemic alert, the WHO bases its decision on expert scientific advice based on the available epidemiological and scientific evidence. The range of symptoms in the people affected is similar to those of regular human seasonal influenza. It is important to note that, apart from in Mexico, all those infected with the virus have experienced mild symptoms and made a full recovery. The swine flu that has been isolated in Mexico and the United States is sensitive to the antiviral drugs Tamiflu and Relenza. Those drugs are effective in treating the illness, provided they are taken quickly enough. They can also reduce the length of symptoms and usually their severity.

I would like to outline the measures that we are taking in response to this significant health threat. The UK has been preparing for a flu pandemic for the past five years. We have established a stockpile of enough antivirals to treat more than 33 million people—half the UK population. All NHS organisations have pandemic flu plans in place and the Department of Health is now working closely with the NHS to ensure that those plans can be put into action so that antivirals can be made available to the public very rapidly should we reach that stage.

Over the weekend, the Government have been putting in place precautionary measures to implement the plans that we have been developing in case of more widespread infections in the UK. I have spoken to ministerial colleagues and my Opposition shadows this morning, and I will be convening a meeting of the Civil Contingencies Committee immediately following this statement.

We have enhanced our port health checks so that passengers arriving in the UK with symptoms of illness are identified and assessed. Information is being made available to passengers arriving at ports and we have provided urgent advice to doctors. Should the virus start spreading widely in the UK, we propose to use our antiviral stockpile for treatment of symptomatic patients. We already have advance agreements in place with manufacturers, should a vaccine be developed, although it is important to note that it will be some time before scientists can develop a vaccine, as the virus is not yet sufficiently understood. Experts are currently examining whether vaccination with the regular, seasonal flu vaccine can in any way boost immunity to the H1N1 strain, and we are considering how best we can use the limited stocks that are currently available within the UK.

Many people will wish to know whether they should wear face masks. Although we are aware that face masks are being given out to the public in Mexico, the available scientific evidence does not support the general wearing of face masks by those who are not ill while going about their normal activities. We are, however, urgently looking into how we can increase our stockpiles of face masks for health care workers who are treating sick patients. We have also established infection control guidance to support staff when treating or caring for people who have symptoms.

We already have well-advanced plans for providing information to the public in the event of a pandemic, in particular about what people can do to help themselves in the event of swine influenza being confirmed in the UK. Updated information is available on the NHS Choices and the Health Protection Agency websites. Further information is also available for health and social care staff on the Department of Health website. We are putting in place an information line containing recorded, up-to-date information for those who want to know more about this type of flu. In addition, NHS Direct is providing information to people who have recently travelled overseas and are worried that they may have symptoms.

There are three key messages that I would like to stress at this stage. First, it is important to emphasise that in all cases outside Mexico the symptoms of this illness are mild and all patients have made a full recovery.

Secondly, we can all take simple measures to prevent infection, in particular, covering one's nose and mouth when coughing or sneezing, and washing hands regularly. Anyone who develops flu-like symptoms should go home and contact their general practitioner. Thirdly, anyone who has recently travelled to the affected areas and is experiencing influenza-like illness should stay at home in order to limit contact with others and seek medical advice by phone from a local health professional or NHS Direct. In line with advice from the World Health Organisation, there are currently no travel restrictions on those who are planning to visit affected areas. Anyone who is planning to do so is advised to ensure that they take the measures I have outlined to prevent infection and consult a doctor immediately if they show signs of flu-like symptoms. To enable local health services to respond to the pressure that the possibility of a pandemic may put on services, we are working with primary care trusts to ensure that arrangements are in place to support that distribution arrangement for antivirals, should it become necessary.

There is understandable trepidation and concern across the world. Here in the UK, we are monitoring the situation very closely, alongside the WHO and our international partners. The UK has been preparing for such an occurrence for a number of years, and the WHO has recognised that the UK and France are the two best-prepared countries in the world. I wanted to use this opportunity to update the House on what we know so far, but I shall, of course, keep Parliament fully updated on what is obviously a rapidly developing situation.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am sure that the House is grateful to the Secretary of State for making a statement at the first opportunity, and I was grateful for the opportunity to see it beforehand and for the conversation that we had about this matter this morning, to which he referred.

May I express—I hope on behalf of the whole House—our sympathy with, and support for, all those in Mexico who have suffered as a consequence of this outbreak? I hope that, through the WHO, we will be able to continue to give the greatest possible support to that country. However, the current situation illustrates a point that we have discussed before in relation to pandemic preparedness: that an influenza pandemic would expose dramatic differences in the ability to respond in different parts of the world between the most developed countries and the least developed countries. The national reporting systems in Mexico are clearly not as good as they should be. For a month, several hundred cases had emerged in Mexico before the point last week when the CDC in Atlanta—the Americans' responsible authority in this area—on behalf of the WHO, became aware of the new strain and was able to trigger the necessary alerts. Clearly, the UK and developing countries are interdependent, and we should be supporting them and trying to ensure that we have not only better alerts, but the resources available to support such countries in responding more rapidly and more effectively to flu outbreaks.

As the Secretary of State said, the United Kingdom is among the better prepared countries, and we have been discussing such preparations for nearly five years for that to be the case. If the WHO, which is meeting this afternoon, moves the alert status from phase 3 to phase 5, as is possible, given the nature of what we know, that will trigger a response in this country. As the Secretary of State implied, it is important for us not to assume that what is in the UK pandemic plan and its underlying assumptions about the likely profile of an influenza pandemic is what we will experience in this case. That plan is much more geared to more severe symptoms than we have seen in the cases that have emerged in America and elsewhere; this is, in a sense, more like the Russian flu of 1977, which was an H1N1 flu virus for which the vaccine was available within three months and the clinical attack rates and mortality rates were much lower than were assumed in the pandemic plan. We do have reasons to be optimistic, including the mild nature of the flu that has been experienced in other countries. However, we do not know whether there is a much greater prevalence in Mexico, with only the most severe cases going to hospital.

It is important that we review our preparations, and I have several points to make in that respect. We have a stockpile of treatments, although in an answer on 12 January the Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo) said that Department modelling had shown that prophylactic or preventive use of antivirals in a flu pandemic would be effective. That would require a stockpile of 75 per cent. equivalent of the population, rather than the 50 per cent. that we have at the moment. Perhaps the Government could tell us what further steps they have taken following that reply in January.

The Secretary of State will also know that for four years we have told the Government that other countries, including France and Australia, have a strategic stockpile of face masks and gloves. It is not for distribution to the whole population, but it is to ensure that everybody in frontline care would be able to wear face masks and gloves. The Government say that they are urgently looking for face masks, but when SARS—severe acute respiratory syndrome—emerged the international supply of face masks disappeared almost overnight. It is therefore unlikely that the Government will be able to procure face masks very readily.

The Secretary of State may be able to tell us something about vaccine research and our support for it. In November 2005, President Bush devoted $2.8 billion to improvement of vaccine technologies, and I hope that we can say that we are doing our bit, especially as we have some of the leading scientists in the area.

If there is a change in the WHO alert status, it will trigger a communication exercise with the public about our pandemic preparations, under the pandemic plan. On 22 January, my hon. Friend the Member for Rutland and Melton (Alan Duncan) asked for a debate in Government time on pandemic preparedness, but the Government have not given us that. I wish that they had, as it is better to discuss the issues raised by a pandemic before it happens rather than when we face the immediate prospect of it happening. None the less, will the Government now accept that request?

The flu contingency plan states that if a WHO phase 5 alert is declared, UK Health Departments will run a national door-drop and advertising campaign. Are the Government ready and willing to do that, were it to be triggered today? Why is the EU Commission offering travel advice while the WHO and the UK Government

[Mr. Andrew Lansley]

are not? Will those who are travelling to Mexico or the south-west states of the US have access to antiviral treatments for prophylactic purposes on the NHS, rather than just through private prescriptions, to reduce the risk of transmission?

I welcome what the Secretary of State had to say about updating the House regularly and I heartily endorse what he said about the general importance of hand hygiene. I look forward to further updates in due course.

Alan Johnson: I agree with the general points that the hon. Gentleman made. It is important that we deal with this across parties and across all the devolved Administrations. That is how I intend to proceed. He is also right to draw attention to causes for optimism, and it is important to get the balance right. We do not want to frighten the lives out of individuals unnecessarily, but we do want people to be properly alert to the dangers. The media yesterday were fairly well balanced, but some hyperbole crept into some reports this morning.

It is important to stress that there is no pandemic at this stage. The scientists are working hard on the issue, and we will know from the WHO meetings later whether we move to a phase 5 alert. I agree with the hon. Gentleman that that is still not phase 6, but it is important to recognise also the mild nature of the symptoms outside Mexico.

The hon. Gentleman mentioned the dramatic differences in countries' preparedness. I am not prepared at this stage to say what happened in Mexico, but what I do know is that Mexico has been a very active member of the WHO and it is always present at the G7-plus and is always keen to talk about this issue. I want to know more about what happened before I say anything that is even mildly critical of the Mexican authorities.

The House has discussed pandemic preparedness. I know that we have not discussed it on numerous occasions, but we have probably discussed it more than many other Parliaments. There is a broad measure of agreement between us and, as the hon. Gentleman knows, the matter has been discussed between Ministers and shadow Ministers and with officials, so I think that we have given sufficient time to it.

Mr. Lansley: It was Opposition time.

Alan Johnson: The hon. Gentleman says that that was Opposition time, but I am talking about parliamentary time as if we all owned that time.

The hon. Gentleman asked whether we are ready for a national door-drop. Yes, we are. He mentioned face masks. I wish we were further ahead with face masks, but we have nearly enough face masks for staff, and it is important to note that they are not just ordinary face masks. The face masks that we would give to NHS staff have much better filters and are much more sophisticated, as they need to be. We need to ensure that we address that situation quickly.

The hon. Gentleman mentioned advice that came from the Commission. My understanding is that the advice came not from the Commission but from the commissioner, and it probably was not that helpful.

The UK and the US are working closely together on vaccine research, in which GlaxoSmithKline, in particular, is an important player. The partnership between the US and the UK will lead the way in vaccine research. If this turns into a pandemic, the key issue will be to identify the strain of H1N1 and to produce a vaccine. It is likely to take between six months and a year to identify the strain and to produce and manufacture the vaccine.

The hon. Gentleman's final point was about prophylactic drugs. The last time we debated this subject, we were prepared for an H5N1 virus—an avian type of flu. As the hon. Gentleman mentioned, this is a human type—H1N1—which gives us some cause for optimism that we can tackle it. We do not know yet, but the general flu injections that people take might help. However, the H5N1 prophylactic that we had available is not applicable in this case.

Mr. Lansley: I was talking about antivirals.

Alan Johnson: The hon. Gentleman says from a sedentary position that he was talking about antibiotics—I am sorry, I misunderstood him. We have sufficient stocks of antibiotics. They are very important, because most of these cases will lead to complications, which antibiotics will deal with. If he was talking about using antivirals as a prophylactic, we have sufficient quantities. The hon. Gentleman's point was whether we should give prophylactics to people who go to the affected countries. My view at the moment—we will discuss this further—is that we should not, because we need to ensure that we have sufficient stocks for 50 per cent. of the population if an outbreak occurs. We will obviously keep that under examination, but at this stage I do not think that that would be wise.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I, too, want to thank the Secretary of State for coming to the House at the earliest opportunity to give this statement on what must be a busy day for him as he assesses the advice that he is getting. My hon. Friend the Member for North Norfolk (Norman Lamb) wants to apologise for his absence.

Does the Secretary of State agree that the difficulty in understanding the nature of the threat is caused by some of the mysterious aspects of this outbreak? Why do the cases appear so much more severe in Mexico than elsewhere in the world? Will the outbreak always be this virulent? Did it actually start in Mexico? The Secretary of State said he was convinced it did, although one cannot be certain that there were not sub-clinical strains elsewhere before the first Mexican report? Has the antigen drift made it less pathogenic as it has spread from Mexico? That is one cause for hope, and it is why we are seeing different pathogenicity elsewhere.

How easily is the disease spread from human to human? That is not yet known, but how easily the disease is spread from human to human and whether that transmissibility is sustained as the virus changes, as such viruses do, will determine as much as anything else the extent to which the disease is likely to become a pandemic. Of course, we do not know what protection, if any, is available from the H1N1 seasonal flu vaccines.

It is important to note that only one published paper on the two isolates from California has been available on the CDC—US Centres for Disease and Control

Prevention—website. It is not yet possible to compare those isolates with the Mexican isolates to see whether the genetic changes—the genetic assortment that appears to have taken place, according to that paper, between the 1918 north American strain and the 1979 Europe and Asian strain—are replicated in all such cases. There are simply too many unknowns, so I share the Secretary of State's caution, but it is wise to assume that the worst may happen and to plan for it, which the Government appear to be doing.

I have a number of questions. First, may I pursue the issue of preparedness in other countries? We are in a world of global travel, so the weakest link in surveillance and reporting will be the one that causes delay in bringing the virus to scientists to study so that public health experts can give advice. Will the Secretary of State say more about what we can do to improve surveillance and public health in areas such as central America—not just in Mexico—as we needed to do, and still need to do, in the far east in relation to the threat of bird flu?

Is the Secretary of State certain that we have right the proportions of the antivirals, Relenza and Tamiflu? If there is a differential, and it is possible for the virus to become resistant to one but not the other, which would be unusual but possible, it might be good to have a balance of both. As I understand it, we have a preponderance of the oral form but not a huge amount of the inhaled version—for obvious reasons in terms of ease of delivery—and that might become a factor.

Has the Secretary of State given any thought to what might happen if the worse comes to worst and the buying of antivirals by asymptomatic people, privately or over the internet, causes problems for public confidence in the distribution system? I share his scepticism about the appropriateness of providing prophylactics to travellers, as that might be an inappropriate way, outside a country's plans, of introducing antivirals that could lead to resistance.

Madam Deputy Speaker (Sylvia Heal): Order. Perhaps the hon. Gentleman could draw his remarks to a conclusion, as a number of Back Benchers are hoping to contribute.

Dr. Harris: Finally, can the Secretary of State reassure us that there will be full international co-operation between scientists and countries? That scientific effort will give us the information we need, and the hope of a vaccine sooner rather than later.

Alan Johnson: I think the hon. Gentleman was musing aloud during the first part of his contribution. I do not know the answers, and the WHO does not yet know the answers to the issues he raised about the strain and how we can deal with it.

The hon. Gentleman asked what we can do on the weakest link argument. What we can do is support the WHO. Although the WHO is keen to ensure that all countries co-operate, he knows that one country in particular—Indonesia—is refusing to provide certain information about avian flu that could help us. It is very important that every country gives information to the WHO so that it can co-ordinate activity. Supporting Margaret Chan and her colleagues at the WHO is the greatest contribution we can make.

The hon. Gentleman says that there is a preponderance of Tamiflu, which is quite true. I understand that Relenza can be used by women who are pregnant or breastfeeding, for whom Tamiflu is inappropriate, so I think that we have the right balance. There is a preponderance of Tamiflu because it can be taken by most of the population, except pregnant and breastfeeding women and some other groups. We are fortunate to have Relenza for them because many countries have only Tamiflu.

It is important that hon. Members do not get into the issue of buying antivirals yet—there is not a phase 6 alert. We have talked about all the things that we need to do at this stage, and the hon. Gentleman is right that full international co-operation is absolutely essential, which is why the WHO deserves all our support.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. I ask Back Benchers to limit their supplementaries to one brief question, and for similar responses, because many hon. Members wish to catch my eye and we have important business on the Budget to follow.

John Reid (Airdrie and Shotts) (Lab): There is absolutely no complacency on such issues, but we are all reassured that the Secretary of State has made a statement in the House immediately and that the UK has been singled out as one of the better prepared countries.

The Secretary of State will know that I have a particular interest as one who initiated some of the preparations and as the MP for Monklands hospital. The situation at Monklands is being dealt with by the Scottish Government. I have been in touch with the local MSP, Karen Whitefield, and the Minister, Nicola Sturgeon, who has acted with commendable speed. Will the Secretary of State reassure the House that there will be maximum co-operation, liaison and exchange of information between the devolved Governments and central Government, because something such as this is no great respecter of borders inside or outside the United Kingdom?

Alan Johnson: I can give my right hon. Friend that assurance. Two of the three cases under examination involve people from Scotland. I spoke to Nicola Sturgeon yesterday and again today. She has acted with admirable promptness and has been extremely co-operative. We will work together on this, because it is otherwise no good talking about international co-operation—*[Interruption.]* Of course, this is international co-operation. This is a UK-wide issue, so we will deal with it as such through Cobra. We will ensure that there is absolute solidarity and close working between all the devolved Administrations.

Mr. Philip Hollobone (Kettering) (Con): The Secretary of State said that if the virus starts spreading widely in the UK, the Government propose to use their antiviral stockpile to treat symptomatic patients. What would he say to elderly and vulnerable constituents in Kettering and elsewhere, and to the parents of young children, who might not have the symptoms, but want to ensure that they do not pick up swine flu if it spreads widely in this country?

Alan Johnson: If people do not have the symptoms, the advice at this stage is that which I gave in my statement: catch it, bin it, kill it. People should ensure that they use a handkerchief or tissue when they cough

[Alan Johnson]

or blow their nose, ensure that that is thrown in the bin, and then ensure that they wash their hands. That advice is very simple, but it is the most profound that can be given in such circumstances.

If people do not feel unwell at all—if they feel fine—I would not want them to be concerned, whether they are elderly constituents in Kettering, Hull, Cambridgeshire or anywhere else. If they start feeling sickly but have not been anywhere near Mexico or the US, they will, in all probability, have a cough or cold—adults get between five to eight doses of that each year—and they should deal with it in the normal way. If, however, they have had contact with anyone who has been in those affected countries, they should go home and contact the Health Protection Agency or a health professional. That is the advice that we should give, rather than giving anyone the feeling that we have moved to a phase 6 alert when we have not.

Jeremy Corbyn (Islington, North) (Lab): I thank the Secretary of State for his statement and the information that he gave. May I take him back to a point made by the hon. Member for Oxford, West and Abingdon (Dr. Harris)? There is a marked difference between the death rate reported in Mexico and that reported outside it, apparently due to the same strain of flu. Does the Secretary of State think that more than one type of flu might be going around, which would make the dangers more complicated than have been realised, and is he in close touch with the Mexican authorities, especially those in Mexico City, about the public health warnings and advice they are giving, especially regarding people cleaning their noses and wearing face masks to try to reduce the spread of the virus?

Alan Johnson: My hon. Friend is right: the situation in Mexico is complex. I mentioned 800 cases and a large number of deaths, but at the moment only 18 of those cases are linked to H1N1, which is why there is the suspicion that there are other illnesses involved in Mexico. We are in close touch with the authorities there through the WHO, but I can assure my hon. Friend that no one is in closer touch with them than the US authorities, because of course this is a cross-border issue for the US. We want to help the Mexican authorities to deal with the matter, and we want to help them to help us understand what is going on there, because until we do we will not have the key to whether this is the kind of pandemic that we all hope it is not, but that we fear it may be. The key is finding out what happened in Mexico.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I appreciate that the Secretary of State has given thought to prioritising to whom to give vaccines should the need arise, but, following on from the question put by my hon. Friend the Member for Kettering (Mr. Hollobone), does the Secretary of State feel that there is an argument that some priority ought to be given to certain groups of people—for example, to those on the front line of health services, who may well be dealing with people who come in with the relevant symptoms, or those working in airports and port authorities?

Alan Johnson: It is important to be clear—I am not saying that the hon. Gentleman is not—that we do not have a vaccine. We do not have something that can be injected or taken to prevent anyone from getting this flu. We have an antiviral; if people develop the symptoms—if they are symptomatic—and take it, all the evidence is that they will recover very quickly. We cannot take that action until they are symptomatic. There is a view that one could use those antivirals as a preventive measure, but no one is absolutely sure of that. As for using up that precious stock of antivirals, it should be borne in mind that we were catering for 25 per cent. of the population; we have now expanded provision to cater for 50 per cent. of the population. We do not want to diminish and dilute that by using the antiviral in a way that we are not sure will have a beneficial effect. There is not a vaccine, a pill or tablet, or medication that anyone can take to prevent the illness—yet. There may well be, once the scientists have had a chance to examine the strain and produce a vaccine, but that will take some time.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. May I reiterate my earlier comments? The time left for this statement is very limited, so I re-emphasise the importance of brief questions and answers.

Andrew Miller (Ellesmere Port and Neston) (Lab): My right hon. Friend the Secretary of State will know that modelling the spread of such illnesses is incredibly difficult. As by the hon. Member for Oxford, West and Abingdon (Dr. Harris) indicated, that is partly because of the way in which we travel today and because such a virus can mutate and change, hopefully becoming less harmful. Perhaps that is where we are. It requires a hugely challenging laboratory exercise to maintain a full understanding of what is happening. Is my right hon. Friend satisfied that he and his colleagues in the Department for Environment, Food and Rural Affairs have at their disposal the resources for that, so that we can not only follow the path of the illness, but ensure that we learn lessons from what has happened?

Madam Deputy Speaker: Order. The hon. Gentleman must bring his question to a close.

Alan Johnson: I am entirely satisfied that that is the case, and entirely satisfied with regard to the NHS. The matter has been a tier 1 priority in the operating framework for the past three years. However, I am not complacent about the issue. The hon. Member for South Cambridgeshire (Mr. Lansley) raised an important point: we are talking about something that is actually happening, as opposed to preparing for something that we were worried about, so we have a chance now to modify our approach, depending on what we find. However, I think that we are in a better state of preparedness than most other countries.

John Mason (Glasgow, East) (SNP): Will the Secretary of State assure us that just as there are good relations between England and Scotland at ministerial level, there are good relations between officials?

Alan Johnson: Yes, I can. At the officials' Cobra meeting yesterday, Scottish officials were involved and made an important contribution. There must be good relations, and that is the case at ministerial level and at official level.

Mary Creagh (Wakefield) (Lab): We know already that flu is the largest vaccine-preventable disease in the UK and the viral load is much higher in children under two, so as we look to the future beyond any immediate danger, will my right hon. Friend consult the Joint Committee on Vaccination and Immunisation and consider an annual flu vaccination programme for children under two, who are more likely to pass the virus on to their families, carers and friends? Such a programme would have the added benefit of scaling up the public health response, which would enable us to respond to the threat in any future pandemic.

Alan Johnson: My hon. Friend raises a more general point about flu inoculation. We give children the flu jab if they are asthmatic and particularly vulnerable to flu. I will talk to my colleagues about how far we can move to a vaccine for those under two years of age. That is an important general point. With reference to swine flu, the antivirals work for children as well. That is very important.

Mr. Hugo Swire (East Devon) (Con): The British pig industry has been having a particularly hard time of it recently, so the chief veterinary officer's remarks this morning reassuring people about the safety of eating pork were most welcome; only the New Zealand farming industry to date has issued a statement saying, "Don't stop eating pork." Has the Secretary of State met his colleague, the Secretary of State for Environment, Food and Rural Affairs, to discuss reassuring the public about the safety of eating pork and, if necessary, diverting funding to promote a safety in eating British pork campaign?

Alan Johnson: I have just spoken to my right hon. Friend, and I will speak to him again at the Cobra meeting immediately following this statement, at which we will discuss that. My right hon. Friend tells me what the hon. Gentleman already knows: we do not have any pigs or pig products from Mexico in the UK.

Lynne Featherstone (Hornsey and Wood Green) (LD): The idea of phoning NHS Direct is very good. NHS Direct would fax the chemist, and the person affected would get a friend to pick up the pills. My concern is that people will be very scared and NHS Direct might be overwhelmed with calls. What preparations have been made for escalating the number of staff responding?

Alan Johnson: That is the next phase. We are not at that phase yet. The hon. Lady rightly points to our plans, if we are at a stage 6 alert and are dealing with a pandemic, in which case we would want everyone, especially those who are elderly and living alone, to have a friend who can go and collect their drugs for them, to avoid people travelling around. We have good plans to ensure that, at that stage, people can access such a distribution system and that it would work. It is important to emphasise that we are not at that level at present, and I hope we never get to that level.

Cheapest Energy Tariff (Information)

Motion for leave to introduce a Bill (Standing Order No. 23)

4.53 pm

Mr. John Baron (Billericay) (Con): I beg to move,

That leave be given to bring in a Bill to amend the law relating to the regulation of domestic energy providers; to require an energy company to publish on invoices information indicating whether the customer is on the cheapest tariff offered by that company, based on pattern of energy use, and the savings to be gained from any switch to this tariff; and for connected purposes.

The idea behind the Bill is relatively simple—too many consumers are paying too much for their energy consumption. Energy companies could do more to provide information to highlight where customers could find cheaper tariffs.

I am grateful for the cross-party support for the Bill, as can be seen from the names of sponsors from both sides of the Chamber. It is supported by those who signed early-day motion 749, from which the Bill is drawn. I welcome Conservative Front Benchers' support for the Bill. When I raised the matter with the Secretary of State for Energy and Climate Change in the House, he described the idea as "ingenious". I welcome the third-party support outside this place from groups such as Consumer Focus, Which?, the Energy Action Group, Help the Aged and Age Concern, which have all lent their support to the debate.

The Bill's aim, I hope, is to help consumers realise that perhaps they need to do more to achieve cheaper tariffs. It is designed to help all consumers, but particularly those in fuel poverty. We know the definition of fuel poverty: 10 per cent. of a household's income being spent on keeping their living areas warm. It is much easier, however, to quantify the issue itself, because Government figures are at least two years out of date and the independent group Consumer Focus estimates that about 5 million households are in fuel poverty. If we needed evidence of that, we might look only at the winter of 2007-08, when something like 22,000 people over the age of 65 died of a cold-related illness—far more than in many European countries with colder climates.

Constituents often write to me—I am sure I am not the only Member who receives such correspondence—and graphically describe how they have to deal with the effects of high energy and food prices. Indeed, they often have to choose between the two. One constituent said that he could afford only one hot meal a week and lived off biscuits and bread, because he could not afford the high energy prices he was charged.

We know that too few consumers switch between suppliers. Ofgem is looking at the issue and has suggested that an annual prompt, reminding consumers how they can switch from one supplier to another, would be a good idea. Often, however, the problem is that consumers do not know whether they are on the cheapest tariff with the energy company that already supplies them. That is the point of the Bill; it is designed to make all that information much clearer. By way of early-day motion 749 and the Bill, I have suggested that energy companies be obliged to provide information—assuming the customer is on a direct debit and has online access—about whether their consumers are on the company's

[Mr. John Baron]

cheapest available tariff, given their pattern of energy use. There should also be clearer information on energy company bills about whether savings could be accrued if the consumer were to switch to the cheaper tariff.

That is the bare minimum of information, and much more could be included in the energy bill. Certainly, more tariffs, including social tariffs, could be put on bills to ensure that all consumers saw whether they were on the cheapest tariff. The proposal has various advantages: consumers would be able to see how much they might save if they switched; it would act as a reminder and allow people to see whether consumers take advantage of the latest discounts; and it might encourage some consumers to pay by direct debit or set up online access, which could help with their bills, and might even help the energy company itself.

The fact that bills are too complicated is beyond doubt. Which? estimates that, on average, there are 15 tariffs per energy company. If we take into account all the variants, including payment methods, special offers, discounts and so forth, we see that there are about 4,000 different tariffs, and the evidence clearly suggests that that is all very confusing. I have recently seen evidence to suggest that a quarter of all those who switch, and up to half of all those who switch as a result of direct selling on the doorstep, switch to a worse tariff. That is clear evidence that there is a lot of confusion out there. Until recently, a customer on a social tariff had no guarantee that they were on the cheapest tariff. Thankfully, Ofgem has taken some action to try to put that right, but it clearly illustrates that there is widespread confusion with regard to this plethora of different tariffs. That is wrong. We need simple measures, with energy companies putting on bills information about the cheapest tariff, given certain preconditions. Payment by direct debit and online access are two of the preconditions. However, that is a bare minimum—it does not prevent energy companies from adding other tariffs, including social tariffs, to try to ensure that they meet their social responsibility to help the customer to achieve the cheapest tariff possible.

The direction of travel is in our favour. Ofgem is considering the issue. It has suggested, for example, that energy companies might be required each year to display on their bills the customer's usage against an average group of tariffs and declare whether the customer has paid a premium. That is a step in the right direction, and it is to be welcomed. However, an annual statement is not good enough. This prompt—this comparison with cheapest tariffs—should be issued when consumers get their bills through the door, because that is when they are most aware of their tariff.

We all accept that energy companies need to make a profit—there is big investment to be made in the infrastructure and so forth—but at the same time they owe a social responsibility to their customers, and that needs to be met. The industry has made some helpful moves. Energy companies have introduced social tariffs and funded the Home Heat helpline, and the Energy Retail Association and Citizens Advice have been helping customers, but they could take this one further, very simple step to help customers to achieve the cheapest tariff. That would create a lot of good will for them and do a lot to help consumers with their bills at this time of very high energy and food prices. Ofgem is heading in the right direction, and the industry is trying to make moves to help consumers, but we need a clear message from Parliament on this issue. I therefore commend the Bill to the House.

Question put and agreed to.

Ordered,

That Mr. John Baron, Mr. Lee Scott, Mr. Frank Field, Mr. Peter Kilfoyle, Nick Harvey, Mr. Peter Ainsworth, Mike Penning, Dr. Kim Howells, Mr. Peter Bone, Dr. Ian Gibson, Mr. David Laws and Dr. Richard Taylor present the Bill.

Mr. John Baron accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 87).

Ways and Means

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Debate resumed (Order, 22 April).

Question again proposed,

That,—

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation,

(b) for refunding an amount of tax,

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.

5.4 pm

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): As Britain recovers from the impact of the world recession, it will be British business and the skills of the British people that will ensure that the upturn comes as quickly, as strongly and as sustainably as possible. Today's Budget debate is about the best way of supporting British business and the British people this year, next year and in the years to come. It is about whether we invest for growth or undermine recovery with ill-conceived cuts. It is about whether we identify the parts of the economy in which we have real strengths and the potential to have global leadership, or refuse to support them effectively.

The debate is also another opportunity to set out the gulf between the main parties on how we respond to the global downturn. I believe that that gulf has become increasingly clear over the past few days. There are three defining issues for today's debate, on which the Opposition first show that they do not understand the problem, secondly propose policies that would make things worse and thirdly do not understand what needs to be done. That is what this debate today is about.

Mr. Desmond Swayne (New Forest, West) (Con): Is that really what this day's debate is about—the Opposition? Is it not extraordinary that the Government begin with an attack on the Opposition rather than with an exposition of their own case?

Mr. Denham: There will be a good deal more of that before I have finished, but I will of course set out precisely what the Government propose to do for business and the British people to develop their skills and bring about recovery. However, this is a Budget debate, and it is important to understand that there are choices to be made between the approach that is being taken by this Labour Government and the approach that is being put forward by the Opposition. I make no apology for setting out the key issues on which that choice has to be made.

The Opposition believe that the challenges facing Britain are more or less a uniquely British problem, created here and with answers that lie solely in Britain. They are wrong. What started with the fall-out from sub-prime mortgage lending in the US has spread quickly around the world, turning into the credit crunch, which in turn has hit businesses in all parts of the economy in every part of the world. What this country is experiencing is the first global recession since the end of the second world war, and what is happening to us is, in essence, happening to all comparable countries.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Given that the Secretary of State mentions the world "comparable", if things are happening comparably to all of us in this environment, why are we worse off than comparable economic powers in the G20?

Mr. Denham: The interesting point is that the fall in UK gross domestic product in the last quarter of 2008 was the same as the fall in GDP in the eurozone as a whole and in the United States of America. In Japan, GDP fell by 3.2 per cent. in the year to February 2009, and Japanese exports fell by 45 per cent. So in fact, I am right to say that the experience of similar economies is broadly comparable to our own. It is because our challenges are broadly similar to those of other countries that our response needs to be broadly similar. That means maintaining investment in the economy and avoiding cuts in public spending in the middle of the recession.

Mr. Bernard Jenkin (North Essex) (Con): I apologise to the Secretary of State for missing the opening moments of his speech—it is ironic that a ten-minute Bill does not always have to last 10 minutes.

Can the Secretary of State explain why this global downturn has occurred, whether it started here and what has caused it if not policy mistakes by this Government and a number of other Governments around the world?

Mr. Denham: I have to say that the ten-minute Bill that preceded the debate was one of the best timed that I have experienced. I think that the hon. Member for Billericay (Mr. Baron) ended some three seconds short, so that is a poor excuse for turning up late for the beginning of the debate, when I explained how what happened in the United States of America in the sub-prime market and its link to the various financial instruments around the world have affected the real economy. The key point is that many countries are affected and we have to examine the responses that are being made.

The response around the world, which I believe to be right, is that Governments should maintain investment in the economy at this time and that they should avoid cuts in public expenditure in the middle of the recession. The G20 summit was about international action to get the global economy back on track—countries around the world introducing a huge fiscal stimulus and more resources for the International Monetary Fund and for developing countries.

Mr. Graham Stuart (Beverley and Holderness) (Con): The Secretary of State said that he does not believe that public expenditure should be constrained in the recession, yet the Budget introduced a cut of nearly £1 billion in education and more than £2 billion in health. I wonder whether he can square those two points.

Mr. Denham: I said that public expenditure should not be cut in the recession—that is the Conservative party's policy. The Budget sets out clearly that public expenditure will continue to grow—certainly not as rapidly as in the past 10 years, but it will continue to grow. That is a different approach from the Conservative party's insistence that we should cut public spending now.

The main Opposition party makes its second defining mistake because it does not properly understand the nature of the problems that face this country. It perceives our problems as uniquely British and therefore turns its back on important international action. The Conservative party says that all that matters is action now, here, to reduce borrowing and cut spending. For that reason, the Conservatives proposed a series of policies which, individually and together, would make things worse.

Stewart Hosie (Dundee, East) (SNP): The Secretary of State suggests that one should not cut in the teeth of recession. That is sensible, and it is therefore disappointing that the Government are doing that. Even if we assume that their figures are right, if we find that, towards the end of the year, we have not recovered and the independent forecasters who forecast negative growth next year are correct, will we look forward to a pre-Budget report in which the Government reverse the damaging cuts planned for next year?

Mr. Denham: The Government are setting out plans to maintain public spending on front-line services to grow them in future. I am not about to set out a different Budget from that which my right hon. Friend the Chancellor introduced last week. That Budget defined the key choice that voters in this country must make between a strategy of maintaining investment and growing our way out of recession and Conservative party policies, which would make things worse.

Tony Baldry (Banbury) (Con) *rose—*

Mr. Denham: In a moment, I will set out exactly why those policies would make things worse, but first I shall give way to the hon. Gentleman.

Tony Baldry: Will the Secretary of State confirm that, from 2011, according to the Government's figures, Government spending will grow at 0.7 per cent. a year? Will he also confirm that, in Margaret Thatcher's toughest year when Prime Minister, public spending grew by more than 2 per cent.? This Government will have to cut harder and faster than ever happened under Margaret Thatcher because of the huge public debt that they have incurred.

Mr. Denham: That is an extraordinary intervention for the hon. Gentleman to make, when his party demands massive, real cuts this financial year. The Budget sets out real growth in public expenditure and the efficiency savings that will be necessary to ensure that we maintain spending on front-line services. It is interesting that the hon. Gentleman asks a question that is designed to divert attention from the policies, with which I am sure he does not agree, of Conservative Front Benchers to do enormous damage to our economy through cuts.

The Opposition's record is very clear. They opposed the fiscal stimulus set out in the pre-Budget report last November. The immediate victims of their policy would have been the families whose incomes would immediately be cut today by tax increases. However, the money from that fiscal stimulus is now feeding through to benefit British business. The Opposition have proposed spending cuts of £5 billion in this financial year. They have never said where that would come from, but they have none the less promised cuts now. The shadow Chief Secretary to the Treasury has promised to repay £6 billion of debt next year. Again, he has not said where that would come from or how that payment could be made, but we should take what the Opposition say at face value.

Mary Creagh (Wakefield) (Lab): I was out in my constituency on Saturday and met a constituent who had lost his job on Friday and whose wife had had a baby on Wednesday. I was pleased to be able to inform my constituent that he could get a career development loan and that his family would be able to apply through the tax credits system on the basis of changes in their circumstances. That constituent was optimistic about his chances of finding work in this recession. Will my right hon. Friend join me in congratulating our right hon. Friend the Chancellor on the VAT cut and will he challenge the Opposition? We cannot leave a generation unemployed through this recession.

Mr. Denham: I agree with my hon. Friend. The approach taken by the Opposition when they opposed the fiscal stimulus is one that would have been designed to hammer the sort of family she met in her constituency last week, taking away the support that is now being offered through tax cuts, which boost family budgets, and the support for people who lose their jobs. That is wrong at the level of the individual and the family and it is wrong at the national level, too.

Taken together, the policies advocated by the Opposition would take billions of pounds out of the economy now, and away from British business now, in the middle of the recession. It is the wrong time to do that, when a struggling private sector needs public sector support and investment. The Opposition make the wrong judgment today, as they did last year in the banking crisis. If we followed their advice, the recession would last longer, the recovery would be slower and the cost would be greater in the long run. It is a mistake to believe that their cuts would help us out of the recession. We have to invest and grow our way out of recession.

It is on that point that the Opposition make their third defining misjudgment, because they cannot offer British business and the British people the support that they need to grow this country for a more prosperous future. Our Budget builds on the measures that we have already taken to get lending and credit going again following the banking crisis, to boost the economy and to provide extra support for skills training for those who lose their jobs in order to get them back into work.

Bob Spink (Castle Point) (Ind): The Secretary of State is talking about support for individuals. Does he accept that people over 50 have suffered disproportionately during the recession from the loss of jobs and will he look into specific measures targeting help at them? May I also congratulate him on not sitting on his hands, but taking action to get us out of this recession?

Mr. Denham: There are two ways that we help those whom the hon. Gentleman is concerned about. One is by having a fiscal stimulus and maintaining public expenditure, because that increases, with others, the number of jobs available in the economy. The second way is the measures that we took earlier this year to create more than 100,000 additional training places for people losing their jobs, so that there is support for those who need to retrain and reskill.

Rob Marris (Wolverhampton, South-West) (Lab): Is my right hon. Friend aware of any other major advanced industrial economy that is not pursuing fiscal stimulus policies and is not proposing to invest—or actually investing extra—in education, training and science?

Mr. Denham: No, I am not aware of any country that is proposing to pursue the policies being advocated by Her Majesty's official Opposition. The reason is that in other countries the judgment is that opposition to a fiscal stimulus, opposition to necessary borrowing and an insistence on cuts would mean that those Governments would not be able to take the measures that need to be taken to support their businesses and families, and exactly the same would apply if we followed the strategy being advocated by the Opposition. If we did that, we would not be able to take the measures that we have set out in the Budget.

If we followed the Opposition's advice, we would not be in a position to enable more than 100,000 firms to benefit from HMRC flexibility on payment. We would not be in the position in which the Government have signed £1 billion of guarantees under the working capital scheme or in which nearly £290 million of applications from 2,500 small businesses were being dealt with under the enterprise finance guarantee. Nor would we be in a position in which the Government strategy in this Budget has enabled us to extend more support for businesses' short-term cash flow.

If we listened to the Opposition, we would not be in a position to enable businesses to spread this year's business uprating over three years. We would not be in a position to extend enhanced loss relief, allowing losses to be offset against tax bills due on the previous year. That alone will benefit 140,000 firms. We would not be in a position to introduce a top-up trade credit insurance scheme to help businesses to maintain their finances. Because we recognise the importance of the motor industry now and in the future, we are able to complement the £2 billion loan guarantees that we have made available with a time-limited vehicle scrappage scheme to boost sales and lower emissions.

The House and the country need to know that the Opposition cannot promise any of this support for British business. Their only proposal to date has been a national loan guarantee, but they set aside no money to pay for it—as ever. It was, of course, the shadow Business Secretary who said that the taxpayer would take a hit, but the rest of his Front-Bench team have refused to provide any finance for the scheme, and it was an empty promise.

While we are supporting business, we are also supporting individuals and families who have been hit by the downturn. Once again, the Opposition have to admit that their ill-judged economic strategy means that they could not match these measures. In total, the Budget provides an extra £1.7 billion to help people to get back into work quickly and to guarantee a job or training for young people. We have already begun to provide more than 100,000 retraining places for those losing their jobs; now, we will be able to invest an additional £260 million in training and recruitment subsidies to help young adults aged 18 to 24 who are approaching 12 months of unemployment to get the skills that they need to get into work or to guarantee them a job offer. A further £655 million of funding from the Budget will enable us to deliver more opportunities for 16 to 18-year-olds in schools and colleges next year. There will be more than 250,000 apprentices starting this year—nearly four times more than in 1997—and more students will be going into higher education than ever before: 40,000 more than two years ago.

Recognising that this year's graduates face a more challenging labour market, we have already announced 2,000 new paid internships supported by the higher education economic challenge fund, and we will build on that in the weeks to come. Following an agreement with my right hon. Friend the Secretary of State for Work and Pensions, graduates already claiming jobseeker's allowance for six months or more will be able to do a work experience internship for up to 13 weeks alongside claiming benefit and looking for work. We will continue to invest in Train to Gain. It is a hugely successful work-based training scheme that is popular with employers, and it will soon be training about 1 million people a year. It is typical of the Conservatives that they have already promised to scrap it.

The Budget commitment to an additional £300 million of capital spending for further education colleges in this spending review period, and a further £900 million in the future, will be widely welcomed. It will bring around £400 million worth of extra work for the construction industry in the next two years, creating jobs and apprenticeships.

The shadow spokesman for Innovation, Universities and Skills has already warned the colleges not to rely on the Conservatives to match even our previous spending plans for 2010-11. It is because they have made such a fundamental misjudgment about the nature of the challenge that they cannot match the measures that I have outlined. That is why the choice is so important. The Conservative party—*[Interruption.]* The hon. Member for Bexleyheath and Crayford (Mr. Evennett) says from the Opposition Front Bench that *I* do not believe that. I believe it profoundly and absolutely: the choice between the political parties—between the Government and the Opposition—is more stark, more marked and more clear today than at any time in recent years.

Richard Burden (Birmingham, Northfield) (Lab): While I entirely agree with my right hon. Friend that it is important that the investment in colleges takes place quickly—before the money would be cut in the unlikely, awful event of a Conservative Government taking office—may I put it to him that there is a more pressing reason for that? The investment in colleges is vital to economic recovery, as well as being vital to training—for example, the investment in the new college at the former MG Rover site at Longbridge. To make sure that those projects remain on track, will he ensure that that money gets through and does so as quickly as possible?

Mr. Denham: My hon. Friend makes an important point. He will know, as the House does—we have discussed this before—that in 1997 the capital programme

[Mr. Denham]

for FE colleges was zero. Even before last week's Budget announcement, we had a budget of £2.3 billion for investment in FE colleges. I know of his interest in the Longbridge scheme and the importance he attaches to it. We have asked the Learning and Skills Council to move quickly to consult the sector on the criteria to be used for prioritising the funds. I hope that it can give clarity and certainty to colleges in the near future, but the development of that capital programme is ultimately a responsibility of the LSC.

Mr. Wallace: The Secretary of State says that the Conservatives do not care about FE colleges and funding, and that our record is woeful. This afternoon at 2.30, as he might be aware, I had an appointment with his colleague, the Parliamentary Under-Secretary of State for Innovation, Universities and Skills. That appointment was to discuss the failure to fund Blackpool sixth-form college's capital programme and Myerscough college in my constituency. It was cancelled. Subsequently, I have found out that the Minister then spent time in the gym. If he has time to spend in the gym, but no time to meet me to discuss the funding of colleges, does not that say a lot about the priorities of the Secretary of State's Department?

Mr. Denham: My hon. Friend the Minister, who has responsibility for colleges, has met an enormous number of Members of Parliament, who understandably have had concerns about the FE capital programme. I am quite sure that if he was not able to meet the hon. Gentleman today, he will be able to do so in the not-too-distant future.

There is an even more fundamental flaw in the Opposition's thinking. As Britain recovers, we will need to grow an economy that is better balanced and more equitable. Yes, the finance sector will still have an important role to play, but we need to grow British businesses in all the sectors where we have the ability to compete and lead around the world—the digital economy, life sciences, renewable and nuclear energy, electric vehicles and low-carbon advanced manufacturing—as we move towards a low-carbon economy.

The huge potential is there, founded on the record doubling of investment in science and research over the past 10 years—this Budget maintains the science ring-fence on the research councils budget—but we cannot just hope to exploit our potential. We must make it happen and the Government have a key role to play—working with markets to ensure that British companies and British employees have the best chance of competing fairly but successfully, here and abroad, in those huge new markets.

John Hemming (Birmingham, Yardley) (LD): I agree with the right hon. Gentleman that we need a balanced structure for taxation. Admittedly, the Government have scrapped VAT on a lot of bingo costs, but why have they decided to highlight bingo as an area of gambling to be more heavily taxed with the increase in bingo duty in the Budget?

Mr. Denham: I am not even going to pretend to be particularly well equipped to answer a question on the taxation of bingo. I read far, wide and deeply to prepare for this debate on British business and skills, but I clearly and unaccountably failed to go into sufficient detail. Having slightly made light of the hon. Gentleman's question, I know from representations made to me and to many other Members of Parliament over the years that an important constituency interest is involved. I do not want to mock his question, so perhaps I may write to him on the matter, or encourage one of my Treasury colleagues to do so. I have tried to give a fair answer to his question.

Kelvin Hopkins (Luton, North) (Lab): I agree entirely with my right hon. Friend that we must have a more balanced economy in future, with a bigger emphasis on manufacturing and other sectors rather than just the financial sector. He talks about fairness in competition. Does he agree that it is necessary to have an appropriate exchange rate for sterling to ensure that we compete fairly, and not have the overvaluation that we have had for the past 11 years, leading to our structural trade deficit, which is now coming back into line, I think?

Mr. Denham: The right hon. and learned Member for Rushcliffe (Mr. Clarke) can probably give a better lecture on the dangers of setting targets for exchange rates than I can. We tend not to set targets for exchange rates and steer well clear of that topic.

The reason for setting out the approach that we need to build areas of the economy where we have a competitive advantage is that it highlights another investment that we can make because of how we are responding to the global downturn which is available to us and not to others. The Budget has created a new £750 million strategic investment fund to support advanced industrial projects of strategic importance. Part of that is earmarked for crucial investment in low-carbon industries, which together with other public and private investment will create a £1.4 billion programme of targeted support for the low-carbon economy.

Mr. Graham Stuart: I wonder whether the Secretary of State is disappointed that having spent nearly £1.5 billion a year on funds to encourage renewables, we are at the absolute bottom of the European league for the amount of energy that we get from renewables.

Mr. Denham: The truth is that because of the investments that we have made, we can prioritise that key energy sector, which is important to our national interests and also for its growth potential in British business, with the confidence that we do. The point that the hon. Gentleman should perhaps accept is that without the crucial investment that we have set out in the Budget, which would not be available from the Conservative party, the policy would not come to fruition. I am pleased that we are making the investment and that we are also creating a broader policy framework for the development of renewable energy. This country will benefit from it in future.

Rob Marris: Will my right hon. Friend assure me and the House that this Government will also continue to stand by funding for pure research—pure science—in contradistinction to applied? Applied science is extremely important for jobs and prosperity, but for building the base of knowledge, sometimes with unexpected spin-offs, pure research is also extremely important and should continue to be funded.

Mr. Denham: Of course, my hon. Friend is right. I have set out my views on that and the assurances that he wants are in speeches to the Royal Academy of Engineering and others. The Minister with responsibility for science, my noble Friend Lord Drayson, has done the same.

It is important to maintain fundamental research, but that does not mean that we cannot ask questions about how we organise our research effort to ensure that we get the maximum economic benefit from it. That very important discussion with the research councils is actively under way.

Mr. Robert Syms (Poole) (Con) *rose—*

Dr. Evan Harris (Oxford, West and Abingdon) (LD) *rose—*

Mr. Denham: Given the number of hon. Members who wish to speak in the debate, I want to make some progress, but I shall take two last interventions.

Mr. Syms: Through the Secretary of State, may I thank the Under-Secretary of State for Innovation, Universities and Skills for meeting me about Bournemouth and Poole college? I would not like the House to be left with the opinion that he has not been meeting Opposition Members as well as Labour Members. In debate, exchanges get boisterous, and I am sure that there is a logical explanation of why the Under-Secretary did not meet my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace).

Mr. Denham: That is a pretty generous and characteristic contribution from the hon. Gentleman. I give way to the hon. Member for Oxford, West and Abingdon (Dr. Harris), in the hope of a very similar type of intervention.

Dr. Harris: I urge the Secretary of State to wait for it.

The right hon. Gentleman said that he is having a discussion with the research councils about reprioritising research. It is not clear to the House whether the decision has been made that the Government are going to use the science budget to reprioritise research, or whether they are asking the question whether they should. Either way, how does the decision in the Budget to reallocate, and to command the research councils to reallocate, £106 million of their budgets—part of the ring-fenced science budget—fit in with any form of consultation on that?

Mr. Denham: On the first point, the question has been asked of the research councils. We believe that we should have that discussion about how they organise research to ensure that we maintain fundamental research and get the maximum economic benefit from the substantial investment that we make in research. That is under way. It is not an if—we are doing it. It is a discussion that the research councils are having.

On the £106 million that the hon. Gentleman has identified from the Budget book, when we looked at the budgets in my Department as a whole, it was clear to us that further operational efficiency savings could be made. We are as a Department already committed to well over £1.5 billion worth of operational efficiency savings in this spending review. It did not seem unreasonable to seek another £100 million from the research councils. However, the crucial point about the ring fence is that that is not an efficiency saving to be returned to the Treasury. It is to be reinvested by the research councils in priorities to be identified by the research councils. It is right to have that type of discipline in the spending of public money.

I will draw my remarks to a close shortly because others wish to speak. Among the investment that we are able to make in this Budget is £50 million to enable the Technology Strategy Board to increase investment in innovation in other areas, as well as renewables, to derive future growth. As I set out with my noble Friend the Secretary of State for Business, Enterprise and Regulatory Reform and with the Prime Minister at the beginning of last week, we recognise that all actions of Government—what goods and services we buy, how we regulate, how policies on energy or health create predictable markets that encourage new investment—enable us to foster the best conditions for successful British companies to grow. As we implement last week's Budget and the industrial policy that was also published last week, we will make further changes to the skills and higher education system to ensure that growing businesses have the skilled people that they need to succeed at every level.

Britain has the skills, the resources and the knowledge to maintain its position as a world economic power. The Budget sets out how a Labour Government, making the right choices and setting the right priorities, will ensure that we do so.

5.37 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I am delighted to follow the Secretary of State. I have been an admirer of his over the years. In my opinion, he was correct about the invasion of Iraq, and more than any other opponent of that folly he was very courageous about it, so I am delighted to see him back in office. I may be quite an admirer of his, but I must say that I was disappointed today. He took the classic current Brownite pre-election strategic line of a clear division between the parties. The ground is very carefully chosen. The Secretary of State is not Mr. McBride; he is not Charlie Whelan. The argument used was quite bizarre—a description of the amazing cuts that we propose now, as opposed to the Government's continuing generosity and fiscal stimulus, showing the clearest divide for a very long time. At one point the Secretary of State actually had the nerve to say that he believed it. I think better of him; I do not believe that he does. I was almost as shocked on discovering he had been to a gym, which I would never do in the course of a Government visit.

What we have advocated is that the process of efficiency savings should be started now. There is no policy advantage in continuing waste that one could avoid if one identified it, but we have not ever advocated fiscal tightening at the bottom of the recession. We have advocated spending the fiscal savings on help now for those unfortunate people leaving school and university. We have advocated a programme to provide masterships, to provide more training places and to do something to help those who need to develop their skills as, thanks to this recession, they will not get jobs. We proposed an easing of the tax on savings, because pensioners living on their savings have, in particular, innocently been dreadful sufferers of what is happening.

[Mr. Kenneth Clarke]

We did allocate the money elsewhere, and our fiscal tightening comes later, unlike the Government's, which is cynical. They propose bigger figures for efficiency savings and appallingly tight public spending programmes—we do not know yet whether that will be adequate—but everything that they propose starts after an election, and this year there is to be inactivity. I shall not go further into that, but I should say that this is a bizarre attempt to conduct a serious debate if it is to continue all the way to the next general election, as is possible.

I wish to deal with the two serious questions that the Secretary of State asked— how we got here and what the problems are—because he accused the Opposition of not understanding the situation and how we reached it. He said that we said that this was a totally and uniquely British recession—of course it is not. It is now a serious global problem, but there are serious reasons why the British were heavily involved in its origins and why we will probably be more severely affected than others because of the policies of this Government.

I wish briefly to give my analysis, which I do not believe to be terribly controversial, of how we reached this situation. The most serious financial and banking crisis that anybody alive has seen hit the United States and the UK first of all, and that earthquake was followed by a tsunami effect, which is engulfing the real economies of other countries, including the exporting nations such as Japan and Germany, which thought that they would be immune to the collapse in their principal customers but have not been.

Let us just think that through. The financial and banking crisis was created in New York and in the City of London during the Blair-Bush-Brown years and had two causes, one of which was the folly of bankers and the abuse of the devices of securitisation, which enabled ever-mounting risks to be taken off the balance sheets. People believed that they were disposing of the risks by transferring them away from balance sheets and that traditional risk management did not matter—that happened on both sides of the Atlantic. We have heard a lot about sub-prime mortgages, which were the first symptom, but this was not some funny version of swine flu that broke out in the mid-west of America and spread. Nothing happened in the markets of New York that did not happen in the markets of London. In this country 120 per cent. mortgages and mortgages for five times people's earnings were given—sometimes those earnings were self-certified. We did not use the American jargon of "sub-prime mortgages" here, but we did have the financial folly.

Mary Creagh *rose—*

Kelvin Hopkins *rose—*

Mr. Clarke: I shall give way when I reach a natural break, as it were. On both sides of the Atlantic, but most importantly here, what I have described was coupled with the complete failure of the regulatory system even to address these macro-regulatory problems. The regulatory system that failed completely in this country was the creation of this Government. Their first dramatic act when they came into office, along with making the Bank of England independent, was to take away the Bank's regulatory function and give that to a new all-singing, all-dancing Financial Services Authority, which was a total failure. That was the origin of this. It is not a global origin—continentals would call it a failure of Anglo-Saxon capitalism. I am a defender of such capitalism, but it requires proper risk management in banks and it will require us to readdress a regulatory system to protect us against those risks in future. I shall give way now, before moving on to why I think that the situation will be worse here—again, it is because of the Government's folly.

Kelvin Hopkins: I am interested in what the right hon. and learned Gentleman is saying, and I have some sympathy with it because I am a regulator, not a deregulator. But was it not his party that abandoned exchange controls, that started the process of deregulation and that, throughout the past 10 or 12 years, has been saying that it would deregulate more than this Government?

Mr. Clarke: The hon. Gentleman may be the last man living who wants to bring back exchange controls to the British economy, but I am astonished. When the Conservatives first took office in 1979, we abolished exchange controls, in the teeth of a lot of conventional advice, and that was probably one of the most successful policy steps we took. When this Government took office, one of their first steps was to set up the new all-singing, all-dancing FSA, which has landed our financial markets in this trouble because it failed and it was not able to cope with the regulatory problems with which it was faced.

Of course the world as a whole is suffering, to everybody's surprise—including mine, as I had not anticipated how far the problems would spread to Germany, Japan and the emerging markets. Other countries that have not indulged in financial creativity to the same extent as the UK are now at least as badly affected, but all the forecasts are that it is likely to be worse in this country. That is not just a party political point: there are some good reasons for saying so.

First, our unregulated financial services industry has grown to be a bigger proportion of the total UK economy than is the case in any other advanced country. It is overblown, but it is shrinking. Secondly, the housing price bubble was bigger in this country than in the US, in Ireland or in Spain—to cite the other three countries in which the worst excesses of the house price bubble occurred. Thirdly, the level of household indebtedness that accrued during Labour's years in office is higher than anywhere else in the western world. It is higher proportionally than in the US, which is the other badly affected country.

The fourth reason is that we were the only major developed country whose public finances were deteriorating and becoming unsustainable even in the boom years before the credit crunch. We were the only country that sailed into the whole crisis with a serious public debt problem, which is why we cannot afford even the modest fiscal stimulus that has been applied by the Government. It is countries in surplus that should apply a fiscal stimulus, not this one—*[Interruption.]* I am asked to name a country that has not applied a fiscal stimulus—Ireland and Iceland, which are suitable comparisons for a country that has been governed by new Labour for the

past 12 years and had an acute fiscal crisis before the dip even started. That is what the Budget should have addressed—*[Interruption.]* If the Secretary of State is not careful, I will cite one or two examples of quotations of myself and the Prime Minister to show that I always believed that, while he was in denial.

The test for this crucial Budget, which I and many others set out repeatedly beforehand, was whether the Chancellor could set out a credible path back to a sustainable level of public debt eventually. The real failure of the Budget—as perceived in the widespread reaction to it outside this House—is that the Chancellor failed to meet that test. He ducked out of giving any workable plan for a path back to a sustainable level of debt—

Mary Creagh: Will the right hon. and learned Gentleman give way?

Mr. Clarke: In a second. The Chancellor described the reality of an enormous problem. The Budget has opened more people's eyes to the sheer enormity of the public debt problem that we will face over the next several years. The Budget offered no credible solution to that problem. All it offered was a return to boom in about 18 months' time that would miraculously make the problem go away or at least diminish to manageable size. That is not a sustainable approach.

For their last 12 months the Government will be incapable of dealing with the hard reality of the problems that the country faces, because their forecasts are fiction. The Secretary of State has just done the same thing—setting out a fiction in describing our political position. He said that if it were left to us there would be no schemes, but all the schemes he listed we have not opposed—we have merely complained that they were announced with a flourish months before any of them were to be put into effect. However, that is a point of detail. The absolute failure of the Chancellor to face the reality of how this problem should be tackled—either he could not or he was not allowed to do so—is obviously at the heart of the Budget.

Mary Creagh: I thank the right hon. and learned Gentleman for giving way—persistence does pay off. I want to give him the opportunity to state clearly whether he supports the Chancellor's VAT cut. He went on BBC television and said that he did support it, and there was some confusion afterwards, even among some of his fellow Front Benchers. I would welcome it if he took the opportunity to clear that up. While he is putting that straight, will he at least accept some part of his party's responsibility for what has happened—*[Interruption.]* No, I should be allowed to finish; I have waited 20 minutes for this. The deregulation bubble that led to some of this had its origins in the big bang—the massive deregulation of the City of London—which led to the use of increasingly complex financial instruments to finance all sorts of things, such as securitisation, hedging and so on. That meant that managers lost oversight and regulators did, too.

Mr. Clarke: I will happily deal with both those points. First, on the point about VAT, I voted against the measure when I had the liberty of the Back Benches. I made a speech at the time, which one can look up, about why I voted against it. When I was asked by *The Times*—and not on television—what would be the best form of fiscal stimulus, if one went in for it, I said that in my opinion if it was affordable the best form was a reduction in sales tax, or VAT. That does not have an immediate effect, but when it is increased again after a temporary reduction it brings forward sales of big ticket items. That was my view at that time. I added the rider, as I emphasised in the interview, of, "If you can afford it." I do not think that deficit countries such as the UK can afford fiscal stimulus. Fiscal stimulus is for China, for Germany and for those who have managed their affairs so that they are in a position to give it. When I took part in the exchanges about the pre-Budget report, I put it on the record that, in my opinion, we could not afford fiscal stimulus and that however desirable it was, it was reckless. I voted against it when it was proposed.

I will not go into all the theories about whether this situation had its mysterious origins in our deregulation and the big bang. I have heard Mrs. Thatcher blamed. There are those in the banking world who say that it has all been got up by the newspapers. I thought that those theories were going out now, however.

Let me address what would have happened if we had carried on. It is highly improbable that we could have won an election in 1997. In the highly unlikely event of a Conservative Government's continuing, I am quite sure that we would not have got into this position. We would not have transferred responsibility for the regulation of the banks from the Bank of England to the FSA or anything like it. I had the misfortune to be the temporary occupant of this seat on the Opposition Front Bench, because we had just been defeated and did not yet have a shadow Cabinet, when the then Chancellor made his announcement on that point. I did not know what to say, because I did not know what on earth my colleagues were going to say that their policy was afterwards. It took me by surprise and took the then Governor of the Bank of England by surprise—he threatened to resign—because nobody knew anything about it until about 20 minutes before the present Prime Minister, who was then Chancellor, got up and announced it. That was a disaster, which we would not have introduced. Indeed, it never crossed my mind to do any such thing when I was in office.

More importantly still, we had fiscal rules of a balanced budget over the cycle, which we were sticking to, which we would have stuck to and which we would not have departed from. Indeed, the only period when this Government had a period of fiscal responsibility was when they at least honoured their election commitment to stick to my figures. They were prudent for three years, anchored by the fear that they would be accused of being old Labour if they did not stick to my figures on tax and spending. So, the public finances improved and they got into surplus. The dotcom bubble made them go into surplus—we would have achieved it, too, and we would have stuck to it.

The new Government's fiscal rules turned out to be fiction. Let me give one quote to show the Prime Minister's approach. The Prime Minister regarded his fiscal rules as a challenge to the Treasury and himself to produce some statistics to show that they were still abiding by them year in, year out, when everybody knew that they were totally discredited and were not

[Mr. Kenneth Clarke]

being adhered to at all. The hon. Member for Wakefield (Mary Creagh) will remember that extraordinary process whereby the dates of the cycle kept changing every year when we had Budgets, in a ridiculous attempt to show that a tax-and-spend Chancellor who was accruing enormous debts, despite the fact that we were in the middle of a boom, was sticking to those fiscal rules.

It is no good saying, "I told you so", but I have quotes from 2002 and 2004. All Members, including me, like to quote themselves, but those quotes just show the folly during that period, which led us to where we are now. In the debate on the pre-Budget report on 6 December 2006, I told the then Chancellor that he was

"only extending our record-breaking period of growth and stability on a sea of mounting public debt and consumer debt".—[*Official Report*, 6 December 2006; Vol. 454, c. 321.]

The answer I received was the most staggering of errors. He dismissed, as he always did, my mounting fears each year about where public debt was going and how sustainable it was. He said that I should be congratulating the Government on their achievement.

More recent examples show the unreality that afflicted this Government 12 months ago, when they said that we were unaffected. Unreality affects them when they concoct this curious division for their argument at the next election, but let me give a quotation from the present Prime Minister that is more recent than 2006—although I can go back to 2002, when he started ignoring my warnings and those of many other more authoritative people than me. He said:

"We keep borrowing under control and we also keep debt under control and I think the reason that we've had an economy where America's had a recession, Germany's been in recession, the Euro area's had very difficult times, Japan has had a terrible time, but we have managed to continue to grow sustainably and stably over the last ten years and continue to grow this year, and we're the fastest growing economy of the G7 this year".

He said that on the "Today" programme on 7 January 2008—a little over 12 months ago. Is it any wonder that the Secretary of State comes here, duly following the line that he has to take and living in a world of apparent unreality about the political debate, about where we are now and about where we are going? He is in a Government led by someone I increasingly believe now to be completely in a world of his own, and who has been in a very dangerous world of his own so far as our national economy is concerned for a very long time. The problem now is overwhelmingly debt and the effect that it will have.

I thought that we might hear of green shoots. That would have been a better aspect of the occasional stray line from Ministers than what we heard from the Secretary of State, but green shoots have been firmly removed from the line that should be taken so we did not hear of them from the Secretary of State. I hope that we have some green shoots soon. If it were possible to believe that we were going to see growth by the end of this year, which is where the Chancellor has shifted to, and we were going to have boom conditions, no one would be happier than me. Of course we need a revival of the economy, but I do not think that that will be the case.

As we go into this 12 months of inactivity and as the Government claim that they are saving the nation from the risk of a debt-cutting Conservative Administration, it seems to me that the objective view of what is happening now is that the rate of decline is decelerating. Things are still getting worse, but they are not getting worse at the same speed as they were during the two months after Christmas. That is a perfectly fair and objective description of where we are. The rate of unemployment is still going up, and what has horrified me about that since Christmas is that no one recalls unemployment going up this quickly. The figure has been higher and we do not where it is going on this occasion, but its rising at such a rate is a horrific thought. I hope it slows down.

The one good thing I can see is that there are some signs of a return to normality in the credit markets. Things have eased a little—let me not be a total Jeremiah—but they are nothing like back to normality and the recession will not start to turn in this country until ordinary credit at ordinary cost is available to a solvent business, which it still is not, but spreads are improving slightly.

Rob Marris: Will the right hon. and learned Gentleman give way?

Mr. Clarke: I will, and then I shall explain why there are very sensible reasons, not just partisanship, for not expecting a rapid trampoline-type rebound from this recession.

Rob Marris: I agree with the right hon. and learned Gentleman about his trampoline analogy and about deceleration—that things are getting worse but at a slower rate. Does he think that deceleration has anything to do with Government policies and if so, which policies?

Mr. Clarke: No, not really. The Government have done certain things. We supported recapitalisation of the banks. If the banks had completely upended it would have been a disaster. If there had been quicker action on credit it would have helped, but some of the schemes are coming through at last. That has had an effect, but we have just seen the first, acute crash. Things are still going down and we do not know when the turn will come. A lot is dependent on conditions elsewhere.

All recessions eventually reach the bottom and come back, but there are worrying reasons why this recovery could be particularly slow. Even if the credit markets and the banking system resolve themselves a bit, we are not out of the woods yet. I am not certain that we shall not have to do more to recapitalise the banks. Until we are certain there are no toxic assets on the balance sheets of banks in the UK and abroad, we are not out of the wood and the banking crisis may still have to be revisited by this Government and others. However, let us say that there might be a resolution. Even so, the recession will still leave a huge level of excess capacity in the near future. The OECD actually expects that, over the whole OECD, the amount will be 8 per cent. of gross domestic product by the end of 2010. We shall not be bouncing back quickly with that degree of excess capacity.

Unemployment will rise; we do not know how high, but it is still going up quickly. That is bound to have a dampening effect on consumer demand. There is no hope of consumer demand bouncing back quickly. Even in households where people are lucky enough to have a job, their mortgage may be cheaper and things are not

going too badly—there are some—there is such a level of household indebtedness that sensible people will devote themselves to repairing their finances. The savings ratio will soar, with consequences for consumer demand, too. Restraining consumer demand means that there will be no quick surge in investment.

When we put on top of that the colossal level of public debt, the need for the Government to sell an enormous number of gilts, with the prospect that it will put up interest rates on gilts and thus throughout the economy, the squeezing-out effect of Government borrowing on private sector borrowing and the possible inflation consequences of the unconventional methods of boosting the money supply on both sides of the Atlantic, my fear is that there will be only a slow, and possibly feeble, recovery, which the next Government will have to nurture for many years to come.

These are the early days of this recession. We need as quickly as possible genuine prudence in the public finances for the foreseeable future, for the next Parliament at least. We also need a pro-business agenda to dominate affairs for the next Parliament at least, to encourage the creation of new business and new employment, the stimulation of investment and the rebalancing of the economy that the Secretary of State for Innovation, Universities and Skills rightly said has to occur so that we are less dependent on financial services and start looking to things such as high-tech engineering, design and other areas of our strengths so that we have a more balanced economy in the future.

I turn to the two Departments we are considering today. They are key Departments in the light of what I have just said. I shadow the Department for Business, Enterprise and Regulatory Reform and the Secretary of State speaks for innovation and higher education, which are at the heart of a pro-business agenda. However, I regret to say that although the Chancellor made the most of those bits of the Budget, in so far as he could given the limitations of his eloquence and the time he was able to take, they really are a rag-bag of measures. The Secretary of State and the Secretary of State for Business, Enterprise and Regulatory Reform had no doubt dragged them out of a Treasury that kept saying, "But we can't afford it", to every proposition they made.

In the lead-up to the Budget, the Business Secretary, Lord Mandelson, was wheeled out during the pre-Budget preparation that now goes on. When we were in office, leaks before a Budget led to the police being called in to make an inquiry. Ever since new Labour took over, however, Budget leaks merely leave one guessing whether it was a Minister or one of his aides and how accurate the spin was on what is coming. This time there was much trying to create an atmosphere and the unfortunate Secretary of State for Business had to produce a document called "New Industry, New Jobs" to describe his bit of the whole process—the pro-business agenda that is urgently necessary and will continue to be so when recovery starts. It is worthy waffle, but I have never otherwise read a more tedious collection of platitudes in my life. The unfortunate officials in the Department for Business, Enterprise and Regulatory Reform—no doubt Ministers on the Treasury Bench did their best to assist them—produced every platitude that anybody in their Department has produced in the past 20 years.

It was all held up as new activism. The hearts of the left wing of the Labour party were made to beat a little faster for a few moments—until they got the document; there was to be new active interventionism from a Secretary of State who in principle actually believes in market economics, globalisation and all the things I believe in, but he tried to make bricks without straw. Just to dampen down the hon. Member for Luton, North (Kelvin Hopkins), for example, paragraph 1.18 of the document states:

> "In most respects, the Government's business support will build directly on what we are doing already."

That just about sums up the document, apart from a bit of consultation. It notes:

> "We need to start seeing industrial policy and our competitive strengths in a wider, strategic way."

They will not have much longer for that wider, strategic vision. There was no content at all. The best and most solid bit was:

> "However, the way the Government sees its own role in the market needs to change in order to deliver a more coherent and effective approach. Government can promote investment, growth and jobs in Britain through more policy consistency across departments, greater regulatory certainty, smarter public procurement and a readiness to intervene where necessary. This involves Government acting creatively and pragmatically in new ways to supplement the market, not the Government substituting itself for the market."

Waffle. Platitudes. Those words could have been used by any Secretary of State in the Department for Trade and Industry or BERR at any time over the past 30 years, because it is not a bad statement—albeit a rather obscure one—of what they should be doing all the time. The Government have fallen down on several of those headings since they were in office. It was all to presage the fact that BERR would get nothing from the Budget—there would be nothing the next day.

To be fair for a moment, I welcome trade credit insurance. It should have been done earlier—we have been urging it for long enough. It may be too little, too late, but it was a worthwhile thing to do. The increase in capital allowances is worth trying. I approve of that. Doubling capital allowances for a year, however, is not likely to shift a lot, as it normally takes people more than 12 months to plan investment that they were not previously planning to make. Furthermore, at a time of falling consumer demand people will not be falling over themselves to go in for capital investment, regardless of the allowances.

I hope that the car scrappage measure works. We have never tried it before in the UK, although it has been urged quite a lot. Obviously, the Government thought they could afford the £300 million that will be available between now and 2010. It will almost certainly boost, or at least accelerate, the sale of small new cars, because if people with old bangers want a new car, they are likely to buy a small one, but we have never tried it here before, so we wait to see what will happen. The effects of such a measure in other countries have been variable. For example, the chief executive of Daimler-Benz in Germany warns that while such a scheme can bring forward purchases, that might be followed by a slump in purchases when it finishes. Apart from that, there was nothing in the Budget for BERR, and many things that had been urged were missing.

We have £750 million for the strategic investment fund, but that is like all the other schemes of the past six months. There are no details or any indication of when it will come in, just various broad purposes, and

[Mr. Kenneth Clarke]

there are usually six months between announcement and reality with this Government. I am a bit nervous about a strategic investment fund because when I see the word "strategic" I think about picking winners in fashionable areas of industry and key marginal seats. When the details come out, let us hope that Ministers can convince us that it will not be a political slush fund for the 12-month election run-up, because it should be for a serious purpose.

I am left asking, especially because of the way in which the BERR document was paraded, "Is that all there is from this new business-friendly Government?" The Secretary of State said that the Government would nurture business and protect it against the risks that a more fiscally prudent Conservative Government might pose, so is that it? Not only was the document vacuous, but the measures were little indeed. The same is true for the Department for Innovation, Universities and Skills, but I do not have time to go through everything that the Secretary of State said.

The extra money for further education colleges will be valuable. When I was Education Secretary, I thought—I still do—that further education was one of the most vital parts of our educational system. It needs to be strengthened, but the money will merely correct a fiasco of the Government's making due to the ridiculous Learning and Skills Council. I congratulate the Secretary of State on scrapping the LSC, which his Government should never have created, although I wish that he would follow the prescription for the future of further education set out by my hon. Friend the Member for Havant (Mr. Willetts) by going for a strengthened further education funding council, rather than returning FE to local government control, where it languished in the past. The money will repair some, but not all, of the damage caused by the fiasco of offering capital programmes.

Although I could say a lot about the area of DIUS, I do not have time to do that, so I will leave that for an occasion when my hon. Friend has the opportunity. However, when we consider skills and higher education, we again see 12 years wasted. Going forward, we will need to concentrate on skills, higher education, engineering and science, because we will have a knowledge-based economy in which we have to find new activities.

The most difficult problem, in which FE has a big part to play, is the number of young people not in employment, education or training. I know that there has been bizarre exchange of statistics about that, and that because the age cohorts have gone up, the Prime Minister says that there are now more young people in work in response to the assertion of my right hon. Friend the Member for Witney (Mr. Cameron) that the number of NEETs has gone up. However, the proportion of young people not in employment, education or training has been rising under this Government. If we look to the future, the most horrific thing about the mounting unemployment figures is that 40 per cent. of the unemployed are under 25. A whole generation's prospects are being blighted, and they face a future of pain, debt and wondering where their pension will come from—that is the legacy of this Government. That is why knockabout politics is not suitable for these problems and why a better Budget was called for.

This country has the potential skills. Thanks to Thatcherite supply-side reforms, followed by globalisation and trading prospects that we had never previously had, we demonstrated that we could be a successful and modern industrial economy. After 12 years, the Government are trying to deny their responsibility for the wreckage, and they have no idea of where to go next. We face 12 months of the living dead; I hope that the country does not suffer too much during that time.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the House that Mr. Speaker has placed a 12-minute limit on Back-Bench speeches, which starts now.

6.15 pm

Mr. Stephen Byers (North Tyneside) (Lab): It is always a pleasure to follow a fellow pro-European in the form of the right hon. and learned Member for Rushcliffe (Mr. Clarke).

The Budget and the Queen's Speech are the two moments in the parliamentary calendar that allow the Government of the day to define their priorities, restate their values and give political direction to their time in office. That is especially important in this year's Budget, which clearly sets the foundations leading up to a general election that is probably to be held in May or June 2010.

There is no doubt that this Budget has been the most difficult for a Labour Chancellor to introduce since we took office in 1997. In the circumstances, my right hon. Friend the Chancellor of the Exchequer has done an excellent job, with very little material to play with. Individual measures should be commended, especially the support that will be given to people under 26. Those people will not be left on one side as the innocent victims of an economic slow-down, as was the case when the Conservatives were in office. We, led by my right hon. Friend the Secretary of State for Innovation, Universities and Skills, are putting in place positive measures to offer training, support and assistance to those young people at exactly the time when they need it most.

The Government are to be congratulated on the fact that we have a carbon budget for the first time ever, and I hope that that sets a trend for future years. I also welcome measures to support further investment to get the remaining oil and gas from the North sea and support for pensioners, especially regarding savings and the winter fuel allowance.

Mr. Jenkin: How much does the right hon. Gentleman welcome the 50p tax rate?

Mr. Byers: The hon. Gentleman will be delighted to hear that I will focus most of my contribution on the 50p tax rate. However, before I come on to that, I express my regret that not enough was done to address child poverty. I know that this has been a difficult Budget, with limited room for manoeuvre, but we had a clear target of reducing child poverty by half by 2010. We could have done an awful lot more in the Budget to achieve that objective. It is clear that the target will be missed, which is a matter of great regret.

There is much to talk about in the Budget, but in the 12 minutes that I have, I want to address specifically the 50p income tax rate which, rightly, has been the subject of a lot of comment and debate since its announcement by the Chancellor last Wednesday. I am told that when the proposal was put to the various focus groups that political parties use nowadays, it received broad support as a popular measure—*[Interruption.]* My hon. Friend the Member for Luton, North (Kelvin Hopkins) is applauding the use of focus groups; this must be the first time that he has supported them.

Kelvin Hopkins: I am applauding not the use of focus groups, but the wisdom of this particular focus group. Does my right hon. Friend accept that during previous years' Budget debates, I have proposed much more radical increases in taxation on the rich that would make our tax system more socially just and enable us to spend more on tackling child poverty?

Mr. Byers: We can tackle child poverty in a number of ways, but I am not sure that my hon. Friend's prescription is the right way forward. I was about to make a point that reflects comments that he has made in the past: focus groups are not always right. On this occasion, over-reliance on such a popular measure for the moment—we understand the circumstances in which such a proposal is thought to be popular—might not be the right way forward.

All too often Budget proposals have been applauded on the day but have been regretted in time, and simply have not stood the test of time. Of course, there is a strong case for saying that in a spirit of fairness, and at a time of recession, those earning most should pay more, and I accept that. It has to be right that when we need to raise revenue, we should focus on those with more money, rather than less, but to raise significant amounts of money, which is what we need to do given the present financial circumstances, we need a broad tax base. The 50p rate for those earning more than £150,000 will apply to some 350,000 taxpayers in this country. They simply do not provide the broad base to raise the revenue that will be needed in our present circumstances. Indeed, for a variety of reasons coming together, the Institute for Fiscal Studies doubts that the 50p rate will raise any extra revenue at all.

That leads one to consider why the 50p rate was introduced in the first place. When one looks at the fact that it is being brought forward to April 2010, probably just a few weeks away from a general election, and when one considers that it targets a very small number of taxpayers, the only sensible conclusion to draw is that the 50p-rate proposal has more to do with political positioning and tactical manoeuvring than a principled, strategic approach to taxation and the raising of revenue.

Some people have said that the political motive behind the proposal was to provide an elephant trap for the Conservative Opposition to fall into, but the trap is so large and well-signposted that even the most myopic old tusker would have little difficulty avoiding it. There are many ways of describing the Leader of the Opposition, but a short-sighted elephant is not one of them, so for understandable political reasons, the trap has been avoided by the Conservative party. I think that many people in the Conservative party will be very disappointed that the 50p rate is, I understand, not to be opposed by the Conservative party, but I believe that it should be opposed, because in the long run it will be damaging for both the Labour party and the economy. First, and perhaps most importantly, the measure breaks a key manifesto pledge made by the Labour party not to increase the top rate of tax.

Mr. Graham Stuart: Both the Prime Minister and the right hon. Gentleman wish that the Conservative party would oppose the 50p tax rate; I wonder whether that is the first thing on which the right hon. Gentleman has agreed with the Prime Minister for quite a number of years.

Mr. Byers: That is simply not true, as the hon. Gentleman will know. I was making a serious point about the breaking of a key pledge in the 1997 manifesto. We repeated that pledge in 2001 and 2005, for good reason. For many years to come, the Labour party will regret that a manifesto pledge on tax was broken in such a way, and broken literally a few weeks before a general election. If the 50p tax rate is so important, why not bring it in during July next year—three months later? We would then have honoured the pledge that we made in 2005. However, we are not doing that. We are introducing the 50p rate in such a way for, I believe, cynical political reasons, and that simply will not work in our interests.

Secondly, the approach is mistaken because it fails to recognise that wealth creation and social justice are two sides of the same coin. We need wealth to be created if we are to provide the money to finance our social programmes. We need entrepreneurs to go out, work hard and take responsible risks. Given the difficulties that we have had in the banking sector, I know that it is difficult to make that case at present, but the "heads I win, tails you lose" approach of some in the banking sector should not be used to penalise genuine entrepreneurs.

I have heard that the argument for the 50p rate is one of fairness. That clearly must be a key part of any modern, progressive tax system, but the tax regime of a country such as the United Kingdom cannot be based just on fairness; there are other objectives that we need to achieve as well. We are still an important trading country. I take the point already made in this debate about an over-reliance on the financial services sector, but even as it diminishes, which it will, it will remain a key part of our economy in the United Kingdom. It will be a significant employer, and it will bring money into our country.

We are home to major international companies that recruit from around the world, and they have to make sure that they can attract the most talented people to work in the United Kingdom. The United Kingdom needs a tax regime that is not only fair, but internationally competitive and attractive. That will be of particular importance as the world economy begins to grow in the foreseeable future—in a year or two. To take full advantage of the opportunities that will come from that growth, we need talented individuals working in the United Kingdom. The danger is that the measures in the Budget will make the United Kingdom less attractive. That will mean that wealth creation will be slowed down, and that will have negative consequences for public spending. For those reasons, I do not think that the case for the 50p rate has been made.

[Mr. Byers]

It is unclear whether the 50p rate is to be a permanent part of our tax system, or whether it is a short-term measure to meet the particular needs of the recession. I have to say that Ministers have sent out mixed messages about that. The Chancellor, when being interviewed after the Budget, seemed to indicate that it was a short-term measure to raise revenue to meet the immediate needs of the economy. When the Leader of the House was asked about the matter this morning, she seemed to indicate that the rate would be a permanent part of our tax regime. It is vital that we get clarity on the issue, because it goes to the heart of the future political direction of the Labour party and this Government.

John Reid (Airdrie and Shotts) (Lab): My right hon. Friend is making a very interesting case. Is it not the truth that the key questions about the tax are: first, whether in the present circumstances it is to be regarded as a desirable policy objective on its own, or an economic imperative, particularly given the fairness issue; and secondly, whether it is to be regarded as indicative of a general strategic direction on taxation matters? Under those circumstances, and with regard to those questions, has not the Chancellor made it plain that it is an economic imperative, and a temporary expedient, rather than an indicator of general direction?

Mr. Byers: I hope that my right hon. Friend is right. That is why I am raising my concerns about the fact that there have been mixed messages from the Government. The Chancellor is clear that for him, the 50p rate is a short-term measure, not a permanent fixture of the tax regime. Other members of the Cabinet are saying other things. We members of the Labour party need clarity about the direction in which we are going. We need clarity from senior Cabinet Ministers, addressing exactly the issues that my right hon. Friend has addressed. We need that before this Budget debate concludes, because this Budget sets the framework for the general election campaign to come.

6.29 pm

Stephen Williams (Bristol, West) (LD): We are having this Budget resolutions debate in truly extraordinary times. I first took an interest in politics as a teenager in the mid-1980s, at a time when unemployment was at an all-time high of 3 million. I hoped at that time that we would not see unemployment return to those levels again, yet that is now being predicted.

The year 1983 was when the Labour party was rejected emphatically by the electorate for its policies, especially its policy of full-scale nationalisation. Little could I have imagined that there would be a broad consensus now that some of the banks should be nationalised. I would have been staggered to be told that the public sector borrowing requirement, which was £12 billion in the mid-1980s and £50 billion when the right hon. and learned Member for Rushcliffe (Mr. Clarke) was Chancellor, would now be £170 billion.

The recession may well be global in its manifestation, as the Secretary of State for Innovation, Universities and Skills was keen to emphasise, but some of the origins of the recession being visited upon this country have their origins in the UK, and we are led by a Prime Minister who, as Chancellor, repeatedly ignored many of the warnings. We are in a national emergency that requires swift and meaningful Government action. What has been swift is the welter of announcements from the Government. The Government spin machine has been in overdrive, recycling many initiatives and promising money, some of which is deferred until well into the future.

The debate today is being led by the Departments for Business, Enterprise and Regulatory Reform and for Innovation, Universities and Skills. As the Conservative spokesman, the right hon. and learned Member for Rushcliffe said, Lord Mandelson was wheeled out last Monday to promote a document that I, too, thought was full of waffle about new industry and new jobs, to which was added a press release from the Secretary of State for Innovation, Universities and Skills. The press release and the document were full of hyperbole—for instance, that we should all look forward to the day when

"the world's economy... is set to double in size creating major new opportunities for British business."

As the right hon. and learned Member for Rushcliffe said, there is little in the way of tangible policies in the document or the press release accompanying it. One of the few specific pledges was to make the Technology Strategy Board, an estimable organisation with an important purpose, into a world leader, but in the Budget last Wednesday, what does the TSB get? Just an extra £50 million.

The document is certainly right in identifying a major problem in the British economy—the shortage of venture capital and long-term finance for innovation. As I know from my own meetings with the biotech industries in this country and with many university spin-out companies in Bristol and elsewhere, that shortage holds back British innovation. We will have to see whether the strategic investment fund announced in the Budget will make a long-term difference.

My favourite quote from the document and the release, which I am glad the right hon. and learned Gentleman did not quote directly, was that Lord Mandelson thought the Government should be a

"smarter, more joined-up Government that understands the importance of creating wealth".

The Government have been in office for 12 years. It shows what a parlous state they are in when, after 12 years, the Secretary of State for Business, Enterprise and Regulatory Reform, who had to be brought back from Brussels to rescue the Prime Minister, says that the Government need to be smarter and more joined up. Humility, at last, perhaps, but we did not see much of that humility reflected in the Chancellor's Budget speech.

We are in a tough business environment. Jobs have been lost in retail in all our constituencies. Whatever the differences about the VAT cut, it is not at all clear whether that has saved any retail jobs. Jobs have been shed also in the financial services industry. Last week Royal Sun Alliance announced the closure of its office in my constituency, Bristol, West, with the loss of 500 jobs. There is much uncertainty in Bristol about our financial services industry, and I hope that closure is not a warning of things to come.

We are in a tight professional jobs market. It will probably be the worse jobs market for graduates for over a decade, and I would not want to be a school or

college leaver at present. For many young people, it will be their first experience of a recession. What has the Government's response been? In the Budget, they announced a precise sum, £260 million, for the youth guarantee for skills and employment for 18 to 24-year-olds, but only if they have been unemployed already for at least 12 months.

It is not clear what that £260 million is intended to fund. People up to the age of 25 are already entitled to have their level 3 training costs funded in full. It appears to rely on a subsidy for charities or local authorities to take on young people. Again, despite the fact that it is a precise sum, the outcome seems rather meaningless. It would have been much better to remove the remaining fees charged for further education college courses that apply to those over the age of 25, or to fund fully the off-the-job training costs of young apprentices.

All those skills are delivered in the further education sector, and the fiasco of the FE capital expenditure budgets has already been mentioned. College building programmes are at a standstill around the country, together with the standstill in the housing market and the commercial property market. There are cranes all over the city centre of Bristol that have been idle for months, and people in the property market have been laid off.

Lorely Burt (Solihull) (LD): Does my hon. Friend agree that the industries involved in construction and those that hold properties that are currently empty are suffering badly? The Government's failure to enhance the empty property rate relief has been unfortunate. In my constituency of Solihull, people pay rates of £15,000 on a broom cupboard. That is one measure through which the Government could have made a substantial improvement for very little cost.

Stephen Williams: I thank my hon. Friend for making that important point. Not only does the relief that is currently available need to be better promoted, but it is a relatively modest sum, which could perhaps be extended in order to make a difference.

In the construction industry, redundancies have increased fourfold over the past 12 months, and there has been a 5 per cent. contraction in its sectoral GDP, yet in the Budget the Government announced only an extra £300 million for the college building programme—nowhere near enough to meet the pent-up demand. That sum appears to have been raided from the budget allocation for next year, 2010-11, and in the Secretary of State's letter to the sector, there is an "assumption" of extra money for 2011-12 onwards, but nothing concrete for the future. Colleges deserve better, and the construction industry could certainly do with a boost.

In higher education we saw last week, with the release of the latest statistics from UCAS, that there has been a large rise across all age groups in applications to universities. In England, for the traditional age group of under-20-year-olds, there has been a 6.5 per cent. increase in applications to study at English universities. For those over the age of 25, there has been a 17 per cent. increase in applications. There is obviously a developing pattern of young people choosing—rightly, perhaps—to go into higher education in order to shelter from the recession. When people are offered places, or later in the summer when they get their A-level results, there will not be sufficient supply to meet the demand.

A year ago the Secretary of State promised 15,000 extra places for higher education. Then there was the fiasco of the overspend on the grants budget, and that pledge had to be cut back from 15,000 to an extra 10,000 places, despite the fact that the Government raided £100 million from the equivalent or lower qualifications budget, supposedly to fund new opportunities for first-time study. It is clear that thousands of young people will lose out on a university place this summer. Clearing, for many years a feature of university applications, will probably not occur this year. Will the Secretary of State give a commitment that the Government will fund those places for all the young people who achieve their entry standard offers?

For those who have graduated, the only initiative that we have heard about from the Government was more than six months ago, on the interns programme. We had to wait until this week before we finally got the detail of how that will work. All it seems to amount to is that if a graduate has been unemployed for six months, they can continue to receive their jobseeker's allowance without any deduction, if they enter an internship scheme. That is a paltry response to a dire situation faced by some of the best educated people in our country.

The Budget is a balance between fiscal stimulus and the rescue of the public finances, and the right hon. Member for North Tyneside (Mr. Byers), in a remarkably candid Blairite blast, rightly described the 50p tax rate as a political manoeuvre, a sentiment shared by the Liberal Democrats. As the Institute for Fiscal Studies said, the measure will achieve very little revenue raising to bridge the bulging gap in the public finances. It would be much better to return to a situation in which the taxes charged on income and on capital gains were aligned as they were in Nigel, now Lord, Lawson's 1988 Budget, and to close the loopholes that enable the very rich to escape such taxes. If we raised the threshold on income tax to at least £10,000, we could lift 4 million people out of taxation all together.

The Budget's other fiscal stimulus was the VAT cut, which, in terms of debt repayment, will cost us all £12 billion. That money could have been much better spent now on capital projects to fund a green road to recovery. It could have funded local rail schemes, of which there are many around my constituency in Bristol, more home insulation and social housing. It could have ensured that the colleges and universities building programme was fully funded, and it could have given an immediate boost to the construction industry and to those who need their jobs to be secure.

I hope that there will be many more green jobs in the future, but, if we are to achieve that target and our 2020 climate change targets, we will need many more young people who are technically skilled in science, technology, engineering and mathematics subjects, and who leave our universities with degrees in such subjects; otherwise, we simply will not be able to build the solar, wind and wave power projects that will deliver our 2020 targets. If Lord Mandelson really wants joined-up government, the Government must join up our energy targets with our educational failings, otherwise we simply will not succeed.

We are in an emergency, but Budget measures and Government announcements do not offer any real help now. Graduates will have to wait six months before they can continue to receive their jobseeker's allowance while

[Stephen Williams]

on an internship, and the young and unemployed will have to wait 12 months before they can get a training package—and it is not immediately clear what that will comprise. Capital expenditure is needed now, but the Government instead prefer to spend £12 billion on small-scale price reductions in our shops.

In the long run, we need to re-think our business model. We need not only a green and sustainable future, but a more ethical dimension in business and a bigger presence for social enterprises. Those long-term changes to our business model are a subject for another day, but, today, Britain needs a Government who understand the current crisis and how to respond. Those who are currently in office have failed to understand the crisis and failed to apologise for their role in getting us into it. The sooner they go, the better.

6.44 pm

Mr. Eric Illsley (Barnsley, Central) (Lab): I should like to comment on a few specific areas of the Budget. I do not intend to detain the House very long.

In his opening remarks, the right hon. and learned Member for Rushcliffe (Mr. Clarke) made an interesting point about what I think he called a sea of debt, and about the origins of the financial crisis being partly in the sub-prime mortgage market in the USA and this country's mortgage problems. When he was challenged by Government Members about how far back the origins of the crisis go, he did not reflect on this country's obsession with home ownership, which started when his Government encouraged people to purchase council houses, and led to this country being far more concerned with home ownership than other countries that he mentioned, such as Germany, Japan and so on, where rental sectors still exist. Perhaps this country's obsession with home ownership and, to some extent, profiting from home ownership through buying and selling has led to that sea of debt and the encouragement of the ridiculous 125 per cent. mortgages to which he referred. In the weeks to come, perhaps we will debate that point further.

My right hon. Friend the Chancellor of the Exchequer has had a difficult time in producing a Budget in the current financial climate, and the Budget deficit, being so high, has constricted him. It has also overshadowed some issues that we would normally debate after the Budget and during the Finance Bill—particularly excise duties and so on, which I hope to mention in a few moments.

I have been concerned, particularly over the past few weeks, about the Building Colleges for the Future programme. It is well documented that my constituency has suffered greatly from the programme's funding squeeze and the Learning and Skills Council's obvious mismanagement. Barnsley college has a four-phase redevelopment programme: two phases are already complete, and the third is under way. The buildings have been demolished in anticipation of new build, but the funding has stopped, so, in the centre of Barnsley, we are looking at a big white fence surrounding a demolition site, and there is no guarantee that funding will be reinstated to complete the project. The fourth phase relates to sixth-form provision, which looks pretty uncertain unless funding is guaranteed. However, the phase is still at the planning stage, so, if it is considered as a newer application, there will be considerable doubt about whether it will go ahead.

I know that my right hon. Friend the Secretary of State for Innovation, Universities and Skills has written to Members, explaining that, following Andrew Foster's report, a committee will be put in place to decide which projects go ahead, but I urge Ministers to accelerate the decision-making process. I met the head of the learning and skills council for Yorkshire and Humber a few weeks ago, and he anticipated that, by the end of April, the decisions would have been made, yet, we are looking to May for the establishment of a committee to begin to consider which projects go forward.

My right hon. Friend the Chancellor mentioned allowing companies leeway in paying their tax liabilities, and in difficult times many companies have benefited from being able to defer taxation payments. In my constituency, however, two companies, DTS Environmental and Martello Piling, paid their taxes, albeit, unfortunately, a few days late. DTS Environmental's tax instalments were paid a few days late on five occasions, and as a result it has lost its gross payment status, meaning that Revenue and Customs will deduct tax in advance. Before that, when it had gross payment status, it kept the money. The matter relates to other contractors, and to tax liabilities that are owed to HMRC.

The condition of keeping gross payment status is, as I understand it, that payments are made on time, but, for the sake of a few days, this status has been lost and a huge financial burden has been imposed on companies in my constituency. They, unlike companies that are being helped, do not owe any taxation; their tax payments were all paid and up to date. Yet, they have been penalised to the point where HMRC commissioners pursued them to commissioners' hearings, which upheld the decisions. The Revenue gave the companies no leeway in relation to gross payment status. I hope to be able to pursue this through correspondence with Ministers over the next few days and weeks, because I am told that it has a substantial effect on the future progress of such companies.

Another industry that will suffer as a consequence of the Budget—this was flagged up for many weeks by a great number of Members—is the pubs and clubs industry, with the increase in alcohol duty, which is now subject to a 2 per cent. escalator over and above the rate of inflation. Last year, duty on alcohol was increased by 9 per cent.; in November, it was increased by a further 8 per cent. in the light of the reduction in the VAT rate. Those substantial increases were imposed at a time when the economy was not in such a bad position as it is now; it was performing much better, as was the leisure industry. I understand perfectly well that the Government want to target the consumption of alcohol and eradicate irresponsible drinking, binge drinking, or whatever one wishes to call it, but ultimately the mature or responsible drinker is being attacked at the same time as the irresponsible drinker. Rural pubs and pubs on the edge of town centres are closing at the incredible rate of 40 a week.

Lorely Burt: Will the hon. Gentleman give way?

Mr. Illsley: Very quickly, because I am not going to be allowed injury time.

Lorely Burt: Does the hon. Gentleman agree that many of the difficulties that pubs face arise from very cheap alcohol being sold in supermarkets? Would he support the Government's adopting a policy of minimum pricing?

Mr. Illsley: I am on record as supporting minimum pricing and attacking supermarkets. I entirely agree with the hon. Lady's comments.

In reality, alcohol consumption among young people is falling. In 2008, alcohol consumption fell by 4 per cent. among males and 22 per cent. among females. It is argued that it is not just beer duty that is causing pubs to close, and there are a number of other reasons: high rents, difficulties with leases and the smoking ban have all contributed. However, the one area where the Government could have assisted the industry would have been by restricting the increase in alcohol duty. The profit to licensees in the pub trade, or pub owners, from the price of a pint of beer is one penny, while the Government take 39p.

In pubs, drinking is regulated and a code of practice is imposed by the pubcos and the brewers; outside the pub—at home, for example—drinking is unregulated and excessive quantities can be consumed because of the cheap alcohol that is sold by supermarkets, as the hon. Member for Solihull (Lorely Burt) said. It is no coincidence that on Budget day last year some well-known supermarkets reduced the price of a bottle of whisky by £5 while the Chancellor was still on his feet. That is an indication of how much the supermarket industry thinks of his decisions on alcohol duties: it is simply ignoring them. We must do something about supermarkets. Why cannot they be rated differently on the basis of the area that they give over to the sale of alcohol? Why do not the Government enforce VAT on supermarkets' sales at below-cost prices? It has been well documented that many supermarkets are selling beers, wines and spirits at below the cost at which they obtained them. As a consequence, the Revenue is losing VAT payments, but nobody appears to want to look into that to try to redress the balance. I hope that the Treasury will reconsider the issue.

I want briefly to mention bingo duty and the double taxation of bingo; I think that we will return to that during debates on the Finance Bill. As many Members know, bingo is taxed on gross profits as well as on the pursuance of the game, through VAT. It is taxed at two levels, whereas forms of harder gambling are not. For example, there is no tax on a bookmaker for horse-race betting or on online betting, but the softest form of gambling in the country has been attacked again through the increase in bingo tax in the Budget. I hope that the Government will reconsider that during the passage of the Finance Bill.

6.55 pm

Mr. Alex Salmond (Banff and Buchan) (SNP): It is a great pleasure to follow the hon. Member for Barnsley, Central (Mr. Illsley), my old friend from the Select Committee on energy all those years ago. It does not surprise me in the slightest, given his close connections with his constituency, that he knows more about the iniquities of bingo tax than Government Front Benchers did a few minutes ago.

I have been in the House for 22 years, and I have seen many Budgets and many Chancellors. There have been good Budgets and bad ones, and they have happened at various times of the year—often, annoyingly, during the Cheltenham national hunt festival—but one thing is invariably true: all the Budgets that I can remember have had a good reception on the day and have then been gradually deconstructed, attacked and ripped to pieces over the succeeding days and weeks. This Budget was being deconstructed before the Chancellor sat down last Wednesday. Of course, he had little room for manoeuvre, but I suspect that he, and indeed the Prime Minister, would have hoped that a Budget strategically to address the questions facing this country in the greatest economic crisis in living memory might have lasted longer than the weekend before it was totally ripped to shreds and deconstructed, growth forecasts spending objectives and all.

When I served on the Select Committee with my friend from across the Chamber, that was the last time that a Government were projecting real-terms cuts in public spending. There was an air of total unreality about the Secretary of State's introduction to the debate. I was trying to work out whether I had been reading a completely different Red Book as he outlined his vision of investment in public services with the new Labour party, as against cuts in public expenditure from the old Conservative party. The Red Book does not set out investment in public services—it sets out cuts that start next year and intensify, in an unprecedented way, through the forecast period that it lays out, climaxing in real-terms cuts in expenditure for each Department. The variable expenditure at the discretion of a Department of State, or a Government in Scotland or Wales, is undergoing real-terms cuts that, according to the Institute for Fiscal Studies, may reach 2 to 3 per cent. a year—greater than even at the high point of the Thatcher cuts of 1981-82. That is the reality of what is in the Red Book.

I want to argue against the Budget and make an appeal for a change of course, a change of heart or a change of direction—any change to the short-term response to the economic situation we face and to the strategic choices that will have to be made about what matters as regards public spending. On the fiscal stimulus, I try to give the Government as much credit as I possibly can; after all, this is a Government who are living on credit, in every sense of the word. This year, between the pre-Budget report and the announcements in the Budget, there is a substantial fiscal stimulus of some £21 billion. It is not as massive as the fiscal stimulus in the United States of America—Obama's $787 billion—and nothing like the Chinese stimulus. China certainly has access to the necessary funds, while the United States has the convenience of a reserve currency and can therefore print money or sell bonds to finance its stimulus. None the less, a significant fiscal stimulus is taking place this year. We might quarrel about how it is being introduced, and I believe that it would have been far better to choose capital spending instead of a VAT cut, because that would have worked its way through the economy, created more jobs and left behind capital assets that the VAT cut will not, but there is undoubtedly a fiscal stimulus this year.

However, the situation will change totally next year, because the balance of the measures in the pre-Budget report and the Budget is to have not a stimulus in the

[Mr. Alex Salmond]

economy next year but a contraction of £4.675 million. We will have a reverse stimulus next year, and I cannot see for the life of me how it can be correct at this moment in our economic affairs to plan a cut next year instead of a continuing fiscal stimulus.

The position will be affected by the so-called efficiency savings of £5 billion across the Departments, which will have a £497 million effect on the Scottish budget. According to the Scottish Government's input-output model, the impact will be the loss of 9,000 jobs, which will be hugely important and damaging in 2010. The various measures that we have been able to take in Scotland over the course of the current recession—the capital investment acceleration, the European budgets that we have also accelerated, the prioritisation of housing budgets—amount to the creation of about 20,000 jobs in Scotland. That is what we have been able to do by throwing every possible pound of expenditure at this recession. We have created 20,000 jobs, which is valuable. In a single afternoon last Wednesday, the Chancellor waved away 9,000 of those jobs with the projected cuts in public spending next year.

Let no one be in any doubt that we are talking about cuts. We have an efficiency savings project in Scotland, and those savings are reinvested in the Department or the local authority that makes them. That is the very process, incidentally, to which the Secretary of State for Innovation, Universities and Skills applied such approval when he talked about the science budget. However, these planned cuts are not efficiency savings; they are top-slicing from departmental or governmental budgets in Scotland, Wales and Northern Ireland.

As well as the impact of the cuts that are being projected for next year, I resent the way in which they are being described. The Chancellor said on Wednesday:

"Some have argued that we should cut public services immediately, rather than invest and grow our way out of the recession...that would be the wrong thing to do."—[*Official Report*, 22 April 2009; Vol. 491, c. 245.]

But that is precisely what the Chancellor is doing from 2010 onwards. That would be bad enough if we were confidently expecting an economic recovery from 2010.

John Reid *rose—*

Mr. Salmond: I have always wanted to say this: I give way to the chairman of Celtic football club.

John Reid: I have never before been nonplussed in response to the right hon. Gentleman. I take his point, but is he not conflating two time scales? The truth of the matter is that during the early stages of a recession, we have to expand and maintain expenditure, demand and investment through the public sector. He would be the first to accept that that requires a degree of borrowing, and that we also have to show the path back to equilibrium on that borrowing by cutting public expenditure and increasing taxation. Does he accept that there will be a stage—he might disagree about when—at which we should turn from an increase in public expenditure in the short term to a return to equilibrium in the medium term?

Mr. Salmond: I am grateful to the chairman, because he helpfully outlines the very basis of my speech. I am outlining the economic argument and the timing. The Chancellor forecasts 1.25 per cent. growth next year, although many independent forecasters are forecasting much more pessimistically. Even if there were 1.25 per cent. growth, it would be a faltering recovery next year and it would not be the time to undergo even the cuts envisaged in the Chancellor's heroic forecast. The right hon. Gentleman's second point is about exactly the subject of the second part of my speech, which is the long-term choices that will have to be made about the public spending profile.

As I said a few minutes ago, the Institute for Fiscal Studies, looking at the Red Book, forecasts that the discretionary elements of public spending will decline by 2 per cent. or more in real terms. There will real-terms cuts in discretionary spending the like of which we have not seen, except in one year during the period of high or low Thatcherism, depending on our point of view. Make no mistake; those cuts will have a direct impact on key public services. I have here the projection of the £5 billion of efficiency savings for next year. In the case of the UK Departments, £3 billion of those savings will have an impact on either health or education, so those are the budgets that we are talking about. I hope that we will not face a developing flu pandemic, as is currently feared, but even if we avoid that fate, there is an indication that health expenditure will come under serious pressure as we meet this or any other emergency that develops. Health and education budgets are the very last things that we want to be subjected to such pressure.

What other budgets would give us the public spending savings that are undoubtedly required? When the right hon. Member for North Tyneside (Mr. Byers) was climaxing his speech, he was about to make another attack on Government policy. I hope that I am not wrong in anticipating what it might have been. I was very interested to see him quoted this week in *The Observer*, which stated that he

"has long supported both identity cards and the nuclear deterrent but said he could not justify to vulnerable constituents the respective £5 billion and £70 billion bills when basic public services were threatened by the economic crisis."

He was not content with the one attack on the Budget that he was able to make in his speech, and I applaud the other one he was about to make before he was so rudely interrupted by the chairman of Celtic.

Mr. Byers: In fact, I was about to launch a separate attack, not that particular one.

There is a serious point to be made about public spending. The thrust of the speech that I made on Saturday was that it is the responsibility of all political parties, before the upcoming general election, to be clear about where spending reductions will fall, and that it would be a fraud on the electorate to fail to do that. It was a challenge to the right hon. Gentleman's party, the Conservatives and my own party to be clear about our spending priorities post-2010, when we know there will be considerable restraints on our spending.

Mr. Salmond: I am delighted to say that in the right hon. Gentleman's hat-trick of attacks, there is at least one about which I thoroughly agree with him—the substantial savings to be made by coming to terms with reality on the Trident programme, ID cards and other prestige projects that, patently and obviously, this Government and this country can no longer afford.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the right hon. Gentleman give way?

Mr. Salmond: If the hon. Gentleman will forgive me, I will not; I have only three minutes left.

We are talking about serious money. I have with me an estimate from *Public Finance* magazine of 23 March 2007 of the total new system costs of Trident, which were between £60 billion and £86 billion, with total potential costs over the lifetime of Trident of £65 billion to £90 billion. Serious money and resources are being devoted to that programme, and in my estimation they would be far better devoted to key public services such as health and education, which will come under substantial strain in this economic recession.

There is a figment, an illusion, behind the Red Book figures. It is as though the only public spending budgets that will come under pressure are the social security, employment and automatic stabiliser budgets. The recession and the substantial increases in unemployment, never mind unforecastable events such as the health challenge that we might now be undergoing, will have an impact on education budgets as we try to keep people in training or education to prepare for the future. They will also have an impact on health budgets, and those great public services will come under huge pressure. It is therefore entirely legitimate for us to say that we would target Trident and ID cards and protect health and education budgets, for the betterment of the people of England as well as the people of Scotland, Wales and Northern Ireland.

In summary, we should not deflate in the teeth of recession. Even according to the Chancellor's ambitious, optimistic and heroic forecast, the recovery will be, at best, faltering next year. The times are unprecedented, but there are, none the less, some analogies. We can understand—and know—that monetary policy by and of itself will not necessarily yield the results in a recessionary climate because of the lack of confidence to invest. We know that fiscal measures will have the desired effect if carefully chosen and applied. We should not deflate in the teeth of recession in 2010.

Secondly, we should choose health and education over Trident and ID cards. Those are the real, hard choices that have to be made.

Lastly, we are in unprecedented times facing unprecedented challenges, but some things that we know about our society, economy and the approach of the Government are intensely valuable. The Government should not go for the quick trick, the quick fix or an attempt to wrong-foot the Conservative party. The issues are more important than that. The priorities in which we believe—public investment and preparing for the recovery, which will come—should be much higher in the scheme of things than the Budget displayed last Wednesday.

7.11 pm

Mr. Parmjit Dhanda (Gloucester) (Lab): May I say at the outset how much I enjoyed the speech of the right hon. and learned Member for Rushcliffe (Mr. Clarke)? It is a shame that he has left the Chamber. He gave a virtuoso performance, tottering from one Hush Puppy to the other, regaling us with some charming quotes. However, he made one interesting comment, which I will remember. I paraphrase slightly, but he said that, if the Conservatives had won the election in 1997, everything would be okay in the economy. That is extraordinary.

Mr. Greg Hands (Hammersmith and Fulham) (Con): I think that my right hon. and learned Friend was making the specific point that he would not have allowed the Financial Services Authority to take over banking supervision from the Bank of England.

Mr. Dhanda: I think that *Hansard* will state otherwise, but we will leave that to the record.

The right hon. and learned Gentleman made other interesting comments. When challenged, he talked about his position on VAT. He said that, when he was on television or when he was quizzed, he always made it clear that he supported the reduction in VAT only with caveats. I can recall seeing him on television, supporting the VAT cut without caveats. Perhaps I am wrong—it is up to the commentators to decide. I dare say that Andrew Neil and many others around the world will look at their tapes, and I will let them be the judges.

The right hon. and learned Gentleman also mentioned the under-25s and expressed, rightly, fairly and understandably, his concern about the number of young people who face unemployment. I share that concern and one of the best aspects of the Budget is the measures to tackle unemployment for young people. We in the Labour party must not forget the measures in the past 12 years, which have made a huge difference—in my community in Gloucester, youth unemployment decreased by 75 per cent.

I also welcome additional support for those in danger of losing their homes, and there were other measures, which we now perhaps take for granted on Budget days: the increases in pension credit and in tax credits as well as widening the threshold for pension credit. Those are all welcome.

There are some things that I would have liked the Budget to contain, but it did not, and I will discuss them in the next few minutes. The Chancellor was right to talk about efficiencies and the need for them. I would have liked to hear more. I would have liked him to be more specific because I thought that it was a golden opportunity. Whether Departments take a closer look at what the efficiencies could be made and report back in the coming weeks or whether measures are announced in the Queen's Speech, I hope that those on the Treasury Bench will consider some of the thoughts that I will outline.

After discussions with the Library, especially about local government, I was interested to realise how many two-tier authorities still exist in this country. I have always championed unitary local government. The Budget at this time afforded a great opportunity for the Chancellor or Departments to say that they would press ahead with that. Why should they do it? Is it worth doing? According to the Library, there are 24 two-tier local authorities in this country. The savings from authorities moving from two tier to unitary are between £15 million and £20 million a year. If the other 24 authorities, including mine in Gloucestershire, became unitary, the savings would be around £500 million a year, every year—£1,500 million in a comprehensive spending review period.

David Taylor: As my hon. Friend knows, I admired his ministerial skills at the Dispatch Box and regret that he is not there now. However, my county of Leicestershire is a two-tier authority, and there is a paucity of evidence, after a long time, that replacing two tier with unitary produces any long-term savings, when one considers the overall costs involved. I disagree with my hon. Friend.

Mr. Dhanda: My hon. Friend is a good friend and we will not fall out over the matter, but I believe passionately in the point that I am making. There is strong evidence for it, supported by people of all political parties. For example, Shropshire is a Conservative authority, with a Conservative leader who drove the process because he believes that £15 million a year will be saved. Another example is Cheshire, where I believe £17 million of savings will be made. It is also common sense. In a two-tier authority, one authority is responsible for the roads and the other is responsible for the road humps; one is responsible for the pavements and another is responsible for the shrubs on them.

John Howell (Henley) (Con) *rose—*

Mr. Dhanda: I will not turn today into a discussion purely about unitary authorities, but I am happy to take the hon. Gentleman's intervention.

John Howell: Does the hon. Gentleman accept that the £15 million that he mentioned is a projection and that one cannot tell for at least 10 years after two-tier authorities have become unitary whether there are any savings? When those changes have occurred, there have been no significant savings.

Mr. Dhanda: That is simply not the case. I urge the hon. Gentleman to take a look at the Library paper that I have. I cannot find the figures right now, but it mentions far quicker returns—in two or three years—for local authorities.

David Taylor: Predicted.

Mr. Dhanda: Everything is predicted when it has not actually happened, but it is common sense to politicians and, more important, to the people we serve. The system is simpler.

I recall that, when I was a Minister, I responded to debates, in which Members—I will not name them, but hon. Members can find them if they go through *Hansard*—talked about changes and said, "Oh my goodness, if I lose my district authority, I cannot lobby it on this issue", when the county rather than the district authority was responsible for the matter. Two-tier authorities cause genuine confusion, among not only our constituents, but many politicians.

Again, I can give an example from my time in office. I saw some of the great work that happens in the fire and rescue service. In places such as Lincoln and the south-west and in many areas, more and more co-responding is happening, whereby retained firefighters, especially in rural areas, do a terrific job in ensuring that they are first on the scene of an accident. They have saved countless thousands of lives, including in Leicestershire, in recent years. However, the system has not been rolled out effectively throughout the country. I would like a much stronger protocol between the Department of Health and the Department for Communities and Local Government to roll out co-responding.

Let me give a specific example. My wife was with our two-year-old at Hucclecote library near my home, where, on a Tuesday morning, there are nursery rhymes for the kids. One Tuesday, a whole group of young mums and their children were there. One of the mums felt faint and collapsed. The child, understandably concerned for its mother, was beside itself. The group of mums looked after the child and called 999. It took some time—I think in the order of 20 minutes—for an ambulance to arrive, but there is a fire station just round the corner and they are all fitted with defibrillators these days.

We need closer working between the Department of Health and fire and rescue services to make use of the fact that—again, according to the House Library—the ratio of fire service staff to ambulance workers is some three or four to one, with 42,324 full-time equivalent firefighters in this country and some 17,000 ambulance workers. If we cannot get the two Departments to agree a good protocol on that, it would make sense to move fire and rescue services to a different Department. If we moved the fire service to the Department of Health, we could bet that the linkages between the fire and ambulance services would work much better. We would save far more lives, as well as saving a lot of money. We can reform our public services, making them better and saving money and lives as well.

Finally, a couple of weeks ago I wrote a piece for ePolitix in the run-up to the Budget. I was asked what I would like to see in the Budget. A range of MPs will have put forward their ideas, but one thing that comes up in my surgeries quite a lot is this. I have constituents who are frustrated because their parents are going into care, but the care system is very expensive and their savings are drawn down, which means as a consequence that what will be handed on to the next generation is reduced. The care system is becoming more expensive as our demographics change. In 30 years, we are likely to have four retired people to every working person in this country.

I would like the Government to consider—and, come the Queen's Speech, even introduce—a Bill that allows for tax relief or grants for those who would like to create granny annexes in their homes to look after elderly relatives. Not only would that make a difference through savings for the Government, which it undoubtedly would, but it would help to create a more caring society.

Kelvin Hopkins: Would it not be simpler just to accept the royal commission recommendation of 10 years ago that all long-term care be made free of charge and paid for out of taxation, just like the national health service?

Mr. Dhanda: My hon. Friend makes a good point, which we could probably have a debate about on another day—indeed, it is probably a debate that he himself may wish to have with those on the Treasury Benches.

The point that I am making in all three examples is that the Chancellor is quite right. He is right to invest and right to talk about efficiencies in the years to come. I would like the Government to go even further and spell out some of those efficiencies, because I think that we can indeed find efficiencies. We can improve our public services and save money, and we can do that by investing in better government.

7.23 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): May I warmly endorse the sensible and humane idea put forward by the hon. Member for Gloucester (Mr. Dhanda) about building on facilities for elderly people, so that they may be better looked after? Indeed, I am sure that some such step will inevitably be taken in the future and that it will be much welcomed in all parts of the House.

I warmly congratulate my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) on a magnificent, sparkling, "three rounds with the heavyweight champion of the House of Commons" speech. I also congratulate the right hon. Member for North Tyneside (Mr. Byers) on making an extremely courageous and important speech that will be much commented on in the years to come as—to steal a quotation from my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace), who is sitting behind me and who I am sure was going to use it—a eulogy for new Labour.

We live in a precarious age. We are going through one of the greatest financial crises—indeed, the greatest—for generations. To bring that home, we all have families in our constituencies—there are certainly many in my constituency—and local firms that are paying a serious and high price for the failings of this Prime Minister and this Government. Of course it would be wrong to say that the Government have achieved nothing. There are considerable achievements to their name, and so there should be, given the amount of money that he has spent. However, if one looks across the years, one sees the most terrible evidence of taxpayers' money being wasted and the grossest incompetence in the public sector.

It has taken this Prime Minister just 12 years to squander what really was a golden inheritance, which he seized in 1997. Our economy is truly in near ruins. The pensions of many of our people have been pillaged and our reserves have been sold. Three hundred and ninety-five tonnes of gold were sold at an average price of about $270 an ounce, which was a terrible, terrible mistake. He has presided over a decade and more of grotesque financial mismanagement.

I found a quotation that I used in the Budget debate on 23 March 2006, in those golden days, as they seem now. I quoted an article in *The Times* by Lord Rees-Mogg, who is incidentally the father of not one, but two Conservative candidates at the next election, both of whom I propose to carry into this Chamber on a shield when they are elected. This is what Lord Rees-Mogg said about the then Chancellor and now Prime Minister and how he had debauched the British pensions industry. He said that the Chancellor

"took all the big decisions on pensions. He has wrecked the system of private pensions. He has wrecked the system of public pensions. He has destroyed the system of savings. He has tapped pensions by deliberate stealth.

He has impoverished generations of old people, past, present and to come. The Chancellor's pension policy has been one of the great scandals of British financial history. He should be ever held responsible."—[*Official Report*, 23 March 2006; Vol. 444, c. 470.]

I have news for the House: he will be held responsible.

The Prime Minister has borrowed for the future on a huge scale, but has little to show for it, except for having left many of my constituents terribly burdened by debt. Tax receipts have now collapsed by £50 billion and the Government are already planning to spend £80 billion extra a year. How can that make sane economic sense, when the conditions are as they are?

Restoring prudence and good financial order will, of course, be the work of the next Government, but it will make life very hard. Presumably the Prime Minister is trying, in a highly partisan Budget—no one should be under any illusion that it was not one—to make a poison pill, so that it is harder for everyone concerned and much worse for the future Government.

David Taylor: Will the hon. Gentleman give way?

Mr. Soames: No, I will not. I do not mean to be rude, but I have a short amount of time and I must press on.

Indeed, for the Budget to be denominated as "Building Britain's future" is, to my mind, a seriously disappointing joke. We are left with the biggest peacetime tax burden in our history and the most complex tax system in the world, having recently overtaken India for having the longest and most complicated tax system. The truth is that personal balance sheets are heavily over-borrowed, that bank balance sheets are seriously over-lent and that the Government's balance sheet is in a truly desperate state.

Even if we leave aside the Chancellor's fiscally ludicrous growth assumptions and his other obviously unreliable forecasts, the Government have failed in this Budget in so many areas—areas where we need to succeed in the 21st century and take those steps that will repair and reinforce our economy in a global world, which the next Conservative Government will deal with.

Going back to that Budget debate of 23 March 2006, in which I was responding to the Paymaster General, a large chapter of that Budget was called "Meeting the productivity challenge". The Government have failed dismally to meet that challenge. We must strengthen the skills base of this country. The United Kingdom is woefully bad in that regard, and there is nothing in the Budget that will seriously drive forward our competitiveness. There are not enough of the necessary skills available to our companies, and we compare very poorly with our competitors. Too much of good people's talent is wasted.

The science and innovation base in this country, although improved, is nothing like good enough. Nowhere near enough was done in the Budget, and an important opportunity has been missed to improve this vital sector, and to help our competitiveness and productivity. The Budget also did nothing to improve the framework for Britain to be a successful enterprise economy. This Budget was indeed a bad day for Britain's place in the economic world. We have people of great talent—business men in companies of all sizes—but the Government simply put too much on their shoulders. The entrepreneurs and business men of this country are asked to bear too much.

The Government have really hindered our movement towards a greatly simplified tax and regulatory regime. In a globally competitive and highly mobile environment, that is very bad news. I also see no evidence anywhere of strategic thinking on planning and infrastructure. There is no evidence in the Budget of the Government taking a more active role in supporting high-tech manufacturing and engineering, as advocated by two of our greatest industrialists, Sir John Rose of Rolls-Royce and Sir James Dyson. They both, quite rightly, advocate that we create a more balanced and productive economy that is not so reliant on the three motors of finance, property and public spending for its future growth.

[Mr. Soames]

There is nothing in the Budget to suggest that the Government understand that the economy of the future must be built on the more solid foundations of savings and investment, as my right hon. Friend the Leader of the Opposition so powerfully set out yesterday. This Budget does indeed fail the test of time. It fails to rise to the level of events. It does nothing to improve our position in the global context, and nothing at all to improve the dismal condition of our skills base. It does very little to improve the knowledge-based economy. Worst of all, it sends a terrible message about our competitiveness and our productivity.

7.33 pm

Kelvin Hopkins (Luton, North) (Lab): It is a pleasure to follow the hon. Member for Mid-Sussex (Mr. Soames), although I am afraid that I have a slightly different view of the world from his. However, he was right to say that we should have a more balanced economy. I would suggest that we need a bigger focus on manufacturing in particular.

David Taylor: Does my hon. Friend regret, as I do, that in the minutes available to the hon. Member for Mid-Sussex (Mr. Soames) he declined to take an intervention in which I could have pointed out that the proportion of gross domestic product taken by the Conservatives in taxation in the 11 and a half years from May 1979 until the fall of Mrs. Thatcher was six clear percentage points higher than it was in the 10 years when the present Prime Minister was Chancellor?

Kelvin Hopkins: I thank my hon. Friend for that interesting intervention.

For the past 11 or 12 years I have been a critic of the Government's economic policy, and I have spoken about it many times. Indeed, in my maiden speech I said that I had come into Parliament to oppose neo-liberalism, among other reasons. I have done that fairly consistently since then, and I think that I was right to do so. The globalisation and neo-liberal deregulated capitalism that we have experienced have caused the desperate problems that we are now facing. The system is inherently unstable, and has promoted inequality within and between nations. We need to focus on the world economy, and to look again at what we have been doing for the past 30 years.

Neo-liberalism also slows growth. Between 1945 and 1970, when we had full employment, the rate of growth was higher on average than it has been since then. We have also had four major recessions since then, which we did not have in that more regulated, faster growing world immediately after the second world war. The Chancellor's early, gloomy prediction that this might be the worst recession for 100 years—perhaps even worse than the 1930s—were right. That is still the case. This is certainly the biggest recession that I have experienced, and I am sure that that is true for everyone else.

It was a terrible mistake to abandon the post-war arrangements that were hammered out at Bretton Woods. That included abandoning national economic controls, especially on international financial flows. When I taught economics at a modest level, I used the water analogy to explain the circular flow of income. I am sure that those Members who have studied economics will remember that. I also used a water analogy to illustrate the world economy. I would portray the world economy as a large tank of water. Without any constraints, water could be moved about very quickly, which could result in big waves that could wash over the sides and even tip the tank over. If we construct baffles within the tank—the boundaries of nation states can act as baffles—we can slow the rate of movement between the different parts of the tank so that it does not tip over and we do not get the tsunami effect that we are now seeing. National economic restraints have to be re-imposed. Indeed, I believe that they are being re-imposed as we speak. We need to rebuild that more sensible world that actually worked in the post-war era, in which, I am happy to say, I grew up. We had full employment and many other beneficial features of society.

The Chancellor has made some forecasts, but he was perhaps unwise to do so because some of them have already been challenged and some might even be wrong. It is hazardous to make forecasts at a time such as this. Even now, we still do not know how bad the American banking crisis is going to get. In recent days, I have read leaked reports about stress tests that have been carried out on American banks, and they are really quite frightening. We are certainly not out of the woods yet, and even now there could be further massive destabilisation in world finance.

What is astonishing about recent forecasting is that no one in the Treasury or the Federal Reserve saw the crisis coming. I have to say that I did see it coming; it was not very difficult. I used to write a monthly column in a left-wing journal called *Socialist Campaign Group News*, which sadly no longer exists—

Mr. Graham Stuart: Funny, that.

Kelvin Hopkins: It was not required reading for other Members, I guess. Nevertheless, writing a monthly column for 10 years without a break was a good exercise in ensuring that I was thinking through what I was talking about on economics. Long ago, I predicted that building economic growth on an asset-priced bubble and a mountain of credit card debt would fail badly. It might also interest Opposition Members that in 1990 I predicted—and wrote about—the collapse of the exchange rate mechanism strategy. That was just before we joined the ERM, and I got that prediction exactly right as well. I am sure that those Members who now regret our joining it realise that that led directly to the election of a Labour Government, which I am sure they also regret.

Whatever the forecasts, it is necessary to take the right policy steps. After years of resisting some of those steps, I believe that they have now moved in the right direction in some respects. Interest rates have been cut, for example, and the Monetary Policy Committee has finally caught up with the correct predictions of David Blanchflower, who, sadly, is leaving the MPC this week. He was on his own in saying that we had to cut interest rates because we were facing a serious recession with mass unemployment on the horizon. He was absolutely right, and that was only a few months ago.

The sterling exchange rate has fallen after its 11 years of over-valuation. The evidence that it was overvalued is the persistent structural trade deficit that we had through that period. We are starting to see the trade deficit turning round and some improvement in our

trading position as a result of the recent depreciation. So, we have started moving in the right direction in some respects.

Also, the nonsense of the golden rules on public debt has been abandoned and measures are starting to be taken to sustain economic activity—not enough and they are late, but we are pointing in the right direction. Even at a gross Government debt of 80 per cent. of gross domestic product, which is what is forecast, the UK would still be below the average for advanced economies as a whole, which is quite astonishing. The economic contraction in Germany and Japan will be greater over the next two years than that in Britain, so this is a world crisis and it affects some countries more than others. The countries that are particularly affected are those with trade surpluses, because they are starting to lose export orders. We are the other way round and we do not have that problem; we have others.

Let me come to taxation and public expenditure. The bleatings of a handful of the mega-rich and their media friends about the 50 per cent. top rate are, quite frankly, pathetic and— *[Interruption.]* Indeed, and their friends, wherever they may be. They are pathetic and contemptible. I may say, too, that if a handful of ageing pop stars and money-grubbing bankers leave the country as a result, I say good riddance. Seriously, my concerns are about the jobless and the poor, who will really suffer from this recession.

Mr. Graham Stuart: I remember looking through last year's Red Book and being struck by the fact that the largest single tax remains income tax. Of that, 40 per cent. is paid by just 5 per cent. of taxpayers. An old socialist such as the hon. Gentleman will see that as an illustration of how unfair a society this is, but it struck me that if two of those five left the country because of overly high tax rates, the poor in my constituency and his would suffer as a result.

Kelvin Hopkins: I thank the hon. Gentleman for his intervention, but in the Budget debates of last year and the year before I suggested much more radical tax changes that would reach further down, with tax rates on the mega-rich higher even than those suggested by the Government. We should go back perhaps a little way towards where we were in 1979—not all the way, as I do not want to tax him at 98 per cent., but a 60 per cent. rate on him would not be that punitive.

I believe in progressive taxation. Our taxation is not sufficiently progressive and I like to think that, one day, our Government will move again in that direction, travelling back a little way to where we were in the more just society we had in the 1970s, 1960s and 1950s, when there was a Conservative Government who did not resile from that approach.

We should consider the Conservatives and their right-wing friends. I am afraid to say that the Institute for Fiscal Studies is no longer the neutral organisation that I used to think it was. The International Monetary Fund criticises Government policy, but when has it ever got it right? The last time the IMF criticised a Government who tried to do something about their economy in a recession was when it refused to accept measures taken by the Malaysians during the far east economic downturn of 10 years ago. The Malaysians were told, "Whatever you do, don't put on exchange controls." Well, the Malaysians put on exchange controls and devalued their currency. Their economy bounced back immediately. When has the IMF ever got it right?

This Budget is the beginning of a move in the right direction, but it is still early days. We will have more Budgets and they will be much more serious than this one. We will have to spend more, borrow more and tax more if we are to get out of this mess, but I believe that we are starting to address the economy seriously, rather than playing games. Over the past 10 years, I have seen those on the three Front Benches cosying up and stroking each other over neo-liberalism, saying how much they all agree. At long last, we are starting to see a divide. I want to widen that divide, because the approach from the left—from a democratic socialist perspective—is the only way forward. If we move back towards at least a social democratic consensus of the kind that we had in those post-war years, we will do better.

We have protectionism now in a number of respects, but we are moving towards a world in which it will grow. That will enable all economies to be stimulated without fear of being overwhelmed by imports or whatever. We are moving towards a world that worked and away from one that has caused catastrophic problems—not just for the developed world, but, more importantly, for the poor world. Those people have suffered.

Our economy is seriously imbalanced. The financial sector was given its head and that has not worked. It has brought desperate problems for us and we must reinvest in manufacturing in particular and all those other areas of the economy in which we can do so well. I could say a lot more, but perhaps I have said enough for the time being.

7.45 pm

Mr. Desmond Swayne (New Forest, West) (Con): As a neo-classical liberal, I could not disagree more profoundly with the world view of the hon. Member for Luton, North (Kelvin Hopkins). Indeed, I wonder whether we grew up in different worlds. He described, through rose-tinted spectacles, the 1970s. My recollections are so different: revising for my O-levels by candlelight because of the chaos engendered by the social democratic ideal that he described.

Kelvin Hopkins: The 1970s were following the end of that post-war era, when it all broke down. The first big recession came about in the 1970s directly as a result of the breakdown of the post-war world.

Mr. Swayne: They were the result of it—the stagflation and everything that went with it, although however much I might disagree with the hon. Gentleman, it is a privilege to follow him in the debate, because he is assiduous in this Chamber, courageously doing his duty to hold the Executive to account. For that, we should all be grateful.

I hope that, at some stage during the debate on the Budget resolutions, we will get a full exposition of the Government's growth forecasts and how they were arrived at. Perhaps the Minister plans to give us that exposition when making the winding-up speech from the Treasury Bench. It is important that we get it, because, to be charitable, those forecasts have proved controversial. However much the hon. Member for Luton, North might disparage the International Monetary Fund's forecasting, it was noticeable that, within minutes of the

[Mr. Swayne]

Chancellor sitting down last Wednesday, the IMF came up with a very different set of forecasts. That is important because this is the post-dated Budget.

All the important decisions on what is to happen are not in the next financial year. How we are to deal with the enormous, crushing deficits is not to be decided in the next financial year. That has all been put off for future years and decisions. Therefore, the forecasts become ever more important than they were in the past. That is why it is important that those on the Treasury Bench should give an account of those forecasts.

The way in which this debate began was, of course, ridiculous—with the Secretary of State for Innovation, Universities and Skills announcing that it is about what the Opposition propose, rather than the Government's Budget resolutions. The reality is exactly as I said: this is the post-dated Budget, the do nothing Budget, the Budget that will not tackle the elephant in the room—the huge deficit. It is extraordinary that the Government had so little to say about their forecasts and the deficits that will build up. It is extraordinarily important that those should be dealt with. I would of course prefer that those deficits were dealt with in the next financial period. Let us take it on the chin now, rather than have the economy flinching, knowing that the blow is to come, as that will be so damaging for confidence in the future and, in particular, as we attempt to recover.

I want to say a few words about the New Forest. We had high expectations of what might come out of the Budget because we had been hit so hard by the recession. In fact, the growth in unemployment in my constituency has been higher than almost anywhere else in the country since the end of last summer. I put that down largely to the fact that so many people have commuted to financial services industries in and around Bournemouth and Southampton and that we have headquartered a disproportionate number of construction companies. Principally, however, I put it down to the enormous number of small businesses in the industrial estates around the market towns. They have been very hard hit by the credit crunch.

The world that the Secretary of State described of the real help that is being provided now to small business and getting credit flowing again does not bear any relationship to the reality faced by small businesses in my constituency. I am approached every Friday at my surgeries by small businesses that have viable order books; they are good businesses, but are experiencing enormous cash-flow problems. Their difficulty is that they are still being serviced by zombie banks, which are still withdrawing credit or providing it only on impossible terms.

Lorely Burt: Does the hon. Gentleman agree that it is most unfortunate that while the Government have poured billions into the banks, there has been no finance for non-bank lending? None of that type of finance—lease financing and financing for the buy-to-let market, for example—is available for the small business entrepreneurs to whom he refers.

Mr. Swayne: I agree that those are important avenues, but I still support the initial banking rescue and the second banking rescue. They were both necessary, but far from sufficient. The problem is this: were I a prudent and risk-averse banker—I wish we had had more of those over the past 10 years—I would be arguing against making loans to the very small businesses for which I am demanding action now. That is the irony. The banks' balance sheets are stuffed with an enormous amount of high-risk assets—toxic assets, if you like, Mr. Deputy Speaker. The last thing that a prudent banker should do is to start taking on more high-risk lending—and let us face it, lending to small business in a recession is relatively high risk. Given the state of their balance sheets, banks should be averse to taking on more of those assets and to making more of those loans to small businesses.

The Government's second banking rescue attempted to deal with the problem of toxic assets by saying, "Right, we're providing a guarantee—a form of insurance." That was necessary, but it was not enough, because that guarantee does not cut in until the banks lose virtually all their capital base. The prudent banker will still hoard his cash and try to rebuild his balance sheet rather than make loans to the small businesses in my constituency that desperately need them. If we are to deal with that problem, and to stop the banks being zombie banks and get them lending again, we have to deal with the new loans that we are encouraging them to take on. We have to provide the guarantee and the insurance to that new business rather than dust the old toxic business that already pollutes their balance sheet. That is why we have been asking since well before Christmas for a much more ambitious loan guarantee scheme. All the schemes that the Government have announced have not delivered a single loan to constituents in the New Forest. That is the difficulty that we face: credit is not flowing, and it has to if we are to recover from this recession.

I want to conclude by saying a bit about the Government's monetary policy. I would have thought that the Budget statement and debate ought to have at least focused on elements of that. I support, by and large, the main plank of monetary policy, which is a significant reduction in interest rates, however painful that may have been to a very high proportion of savers in my constituency—hon. Members should bear in mind that I have, I think, the second-highest age profile of any parliamentary division. Those people have saved all their lives and done the right thing, but they are now suffering very much in order to see interest rates reduced for people who often enough have not done the right thing. The Budget should have been much more generous to those savers to compensate them in other ways for the important policy of reducing interest rates.

However, it is the other aspect of monetary policy, which is scarcely mentioned, that concerns me more—the whole business of quantitative easing. I would have thought that the Chancellor would have given us an exposition of precisely where we are with this key departure from conventional monetary policy. It is extraordinary that the Bank of England has created bank deposits to a significant proportion of our national income—printing money, as the euphemism goes. We have not had a vote on that. We have not had a statement on it. We have not even debated it. It is extraordinary in a free Parliament that is supposed to have its finger on the pulse of Government policy that that has gone so unmentioned.

I am not saying that I am against the policy. I know that economists such as Tim Congdon believe that it is right, but there is a series of questions that we ought

properly to have scrutinised—how much, when, when do we stop, and where are we in the cycle? All those issues have never been discussed or scrutinised. I begin to wonder whether that might after all provide some part of the explanation for the extraordinary growth statistics that were brought before us last Wednesday, with the so-called trampoline bounce. Could it possibly be an inflationary bounce? Could it possibly be a bounce that will destroy the savings of those who still have some left?

7.57 pm

Emily Thornberry (Islington, South and Finsbury) (Lab): This Budget has been given at a time of unprecedented turmoil in the economy and of great uncertainty about the future. The figures that we learned last week on levels of Government borrowing remind us of the seriousness of the economic situation. The road ahead of us will be much tougher than the road behind us, but even if spending slows in the immediate future, the huge investment in public services over the past decade will provide a lasting legacy for our country.

Thanks to that investment, my constituents are benefiting from a new hospital at University College hospital, £1 billion to rebuild Barts hospital and new investment in the Whittington hospital. All Islington's secondary schools are substantially or entirely being rebuilt, youngsters are benefiting from substantial investment in the buildings that contain our primary schools, and we have many new children's centres. That, of course, is not to mention the £157 million that has gone into bringing social housing in my constituency up to decent homes standards. Those are the many dilapidated roofs that we fixed and new roofs that we built while the sun was shining. Now we are faced with a challenge on a very great scale, and I believe that any Government would be failing in their duty if they did not act boldly and bravely at such a time. In their response to such hard times, politicians can now show what their true priorities are and where they lie.

When I left university in the early 1980s—

Rob Marris: Surely not!

Emily Thornberry: Oh yes.

We used to wait for the milk round to come with various employers, but in 1982 it did not come. No one wanted us. I went into the unemployment centre in Poplar and said, "I'm here. I'll take any job. What jobs are available?" The guy behind the desk laughed.

Rob Marris: So my hon. Friend had to become a barrister.

Emily Thornberry: So I went back into education and carried on studying. Eventually, I managed to get employment as a barrister, but for a time, on leaving college, I faced not knowing what future I had and what chances I had—frankly, moving from university straight into employment was not one. Therefore, I remained in education until I was able to get another job, but it was desperately frightening, and many other people in my generation did not have the opportunities that I ended up having.

Now as a Labour MP, I am supporting a Government who will not allow the generation that is now leaving college and school to face a decade of unemployment, of no future and no hope. A generation of working people, pensioners and families will not go to the wall, as they were allowed to do in the early 1980s.

Mr. Graham Stuart: That is exactly what is happening now. At the end of 12 years of this Labour Government, more 16, 17 and 18-year-olds are not in education, employment or training than when the Government came to power. More people under 25 are unemployed. A whole generation is at risk of the very thing that the hon. Lady is talking about. She should face up to that reality.

Emily Thornberry: The reality is that the assistance that is available now to young people leaving college and school would not be available to them if we had a Conservative Government.

This Budget is first and foremost about protecting people in the downturn. A Labour Government's instinct in a recession is to protect and support, not to step back and let the invisible hand of the market take its cruel and arbitrary toll.

I welcome the £1.7 billion for Jobcentre Plus to help to tackle the rise in unemployment. In particular, I believe that the Government's job guarantee for under-25s out of work for a year shows state intervention at its best and most necessary.

Beyond the immediate effects of this recession, this is a Budget about the future, and I welcome that, too. I welcome the bold plan of the Secretary of State for Energy and Climate Change to end atmospheric carbon emissions from coal-fired power stations. Many of my constituents are very concerned about the high emissions from coal-fired power stations operating here and around the world. It seems that in Britain there is a new generation of such stations about to step into production, and there is clearly concern about what that will mean.

Stewart Hosie: Will the hon. Lady give way?

Emily Thornberry: No, I will not give way again.

The fear among environmentalists has been that our short-term energy needs may lead to a massive carbon footstep backwards. I therefore welcome announcements made in the Budget that no new coal-fired power stations will be given permission unless and until they show that they include carbon capture and storage facilities on that plant. Although of necessity such facilities will be small scale to start with, as the technology develops, coal power stations will be expected to extend CCS to the whole plant. Environmentalists such as me have been seeking such assurances and I am grateful to the Secretary of State for his assistance and commitment to that issue.

The Budget introduces many other welcome moves towards a low-carbon future: the increase in landfill tax, our continued commitment to the fuel duty escalator, the sustained momentum on vehicle excise duty, the money available for better energy efficiency for small business, public buildings and homes, and the increased investment in renewable energy generation, particularly from offshore wind. I am pleased that the Budget marks the world's first legally binding carbon budget.

[Emily Thornberry]

The increased funds available for housing are also welcome, but I urge the powers-that-be to ensure that that money goes to areas of greatest need such as Islington, where 13,000 families are languishing on the waiting list for social housing. I give hon. Members an example of a particular development. On the Holloway road in my constituency, there is a development above the Tesco's with 60 units, only 10 of which are affordable units. Exactly why the Lib-Dem council thought it was appropriate to allow only 10 out of the 60 to be affordable is another debate for another time. Lo and behold, 50 of those units remain empty. It seems to me that that sort of development is a great candidate for public ownership to allow families to have somewhere to live.

I urge the powers-that-be to build large units, because for every five-bedroomed flat that they build, they will be able to move an overcrowded family from a four-bedroomed flat into that five-bedroomed flat, and then a family in a three-bedroomed flat into the four-bedroomed flat, and a family in a two-bedroomed flat into the three-bedroomed flat. That is just from building one five-bedroomed flat. We need to look carefully at what we are building.

I welcome the Government's long-standing commitment to ending child poverty and it is a shame that they have been unable to devote more resources to measures that would make a big difference. It is unfortunate that we have not been able to consider the possibility of introducing London weighting for tax credits and benefits.

I appreciate that there is not much money around, but I believe that there is one pot of money that I urge the Government to use to fund their priorities. I believe that £76 billion, which we could use to end child poverty, is being wasted on building, renewing and maintaining Trident. I appreciate that I am in somewhat unusual company in this. It seems that my right hon. Friend the Member for North Tyneside (Mr. Byers) and the right hon. Member for Banff and Buchan (Mr. Salmond) agree with me on the matter, but that does not necessarily make it wrong—it makes it right. At a time such as this, we need to reorder our priorities. It seems to me that at a time such as this all our constituents would appreciate it if we no longer wasted our money on something like Trident.

As we know, many banks are trading today only as a result of money paid into them by the taxpayer. Many members of the public have been completely and understandably outraged at the perception that public money is paying the bonuses of those who have failed. Although we appreciate that legal and contractual difficulties have resulted in our not being able to stop them claiming that money, I was hoping that the Budget would provide an opportunity to claw back those unearned bonuses. I was hoping that we would be able to find a way to tax payments over and above the basic salary paid to the bankers at 100 per cent.

I appreciate that as a Back Bencher I am free to make such suggestions. It is not for me to develop the necessary mechanisms to put those ideas into action. However, although it may be difficult, if anyone can, Alistair can. I ask him to look at that matter again. I welcome his bold move in introducing a 50 per cent. tax rate for the top 1 per cent. of earners. I believe that that is fair and right. It is not a tax for tax's sake—the same old scare story that Tories and Liberals like to bandy around. That tax rate has been brought in because we need money to get this country through the downturn. I believe that it is right for that money to come from those who are now in a position to be able to pay—those who have benefited most from the good times of the past 10 years.

I recently surveyed my constituents through my annual report, and 80 per cent. of respondents agreed that a higher rate of tax on those earning more than £150,000 was justified. *[Interruption.]* I suggest that Opposition Members listen to this. The higher contribution from those on higher incomes is a policy that only Labour supports—the Liberals have abandoned it and the Conservatives have an obvious distaste for it. However, it is popular among our constituents because they know that it is fair.

More generally, the Conservatives' response to the economic downturn has revealed what really makes their hearts beat faster. Despite the rhetoric of the past few years, the current crisis has unmasked the Thatcherite zeal of so many in the Conservative party, including David Cameron. The Tories are inherently queasy about spending, and they are suckers for cuts. We saw them go to their weekend conference with a real spring in their step. They think that they do not have to bother with compassionate conservatism any more and that they can go back to small government. At the weekend, David Cameron said:

"with a Conservative Government, if ministers want to impress the boss, they'll have to make their budgets smaller, not bigger."

He said that the Government should have reduced spending in 2008 and should now reduce planned spending in 2010. No one denies that repaying the borrowing will mean tough decisions, but it is inconceivable that a Labour leader would ever wear the badge of service cuts with such pride as David Cameron clearly wishes to wear it. We will protect—

Madam Deputy Speaker (Sylvia Heal): Order. I remind the hon. Lady to use the correct parliamentary language when referring to Members.

Emily Thornberry: It is inconceivable that a Labour leader would ever wear the badge of service cuts with such pride, as the right hon. Member for Witney (Mr. Cameron) clearly wishes to demonstrate. We will protect people during the recession, and when we build the economy of the future, public services will always come first—as they always do with Labour. The Tories' aim is similarly clear: cut some now, and cut some later.

8.9 pm

Mr. Ben Wallace (Lancaster and Wyre) (Con): It is always a pleasure to follow the hon. Member for Islington, South and Finsbury (Emily Thornberry), who has one of the loveliest voices in Parliament—it is a like that of a narrator of a fairy tale and one can listen to it for a very long time. Unfortunately, she is living in a fairy tale and is in complete denial about the high proportion of NEETs—those not in education, employment or training—in this day and age; right now, those very young people are in the process of losing some of their future. It is no good harking back to the '80s. She said that no milk round came to her university then, but that cannot be substituted with a milk round made up of quangos and local authorities; it must be substituted with one made up of wealth creators.

I do not wish to dwell on the macro-economics of the Budget or the general issues that have been discussed over the past few days and will doubtless be mentioned tomorrow. My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) covered those issues comprehensively and he pretty much demolished the Government's case. Interestingly, the opening half, at least, of the Secretary of State's speech focused very much on the policy of Her Majesty's official Opposition and did not sing from the rafters the so-called solid policy of the Government—that tells us a lot about the state that the Government are in today and about the level of disappointment that the wise Secretary of State, who is one of the most capable in the Cabinet, feels in private about the Budget having been a missed opportunity.

I wish to discuss a number of the Budget's retrograde steps and, in particular to deal with the attack on those earning £150,000 and above through the 50 per cent. tax rate and the break of the principle in respect of taxing pension contributions. Although the right hon. Member for North Tyneside (Mr. Byers) is not from my party, he comprehensively put into words the importance attached to personal taxation and why new Labour had been such a vote winner in 1997 and beyond: it understood the needs and aspirations of people in the wealth-creating sector. The Government have fallen into their own trap, by automatically assuming that the only high earners are bankers—the enemy of the day—and those who belong to private equity houses. In my constituency, and throughout the north-west, there are plenty of wealth creators, be they in small businesses, in the aerospace industry, in manufacturing or in the sciences. They do earn quite a lot of money, but they create wealth. The phrase "creation of wealth" was remarkably lacking from this Budget. If we do not create wealth in the UK economy, we will definitely not be able to get out of the dire state that we are in and the shoulder the huge debts that we have today and that are sure to come in the future. It is clear that this Chancellor's economic growth forecast is fantasy, and the previous Chancellor, who is now the Prime Minister, indulged in that fantasy too; I am not sure that he ever got the tax receipts right in any one of his predictions since he came into office in 1997.

Kelvin Hopkins: I must admit that I am getting rather tired of the implication that wealth creators are all rich people and that wealth creation is not about working class people, who do daily work. On this argument about tax, I must point out that some of the most successful economies in the world are those of the Scandinavian countries and France, which have much higher tax takes than Britain does, but are not witnessing the end of civilisation as they know it—they are doing very well with relatively high taxation levels.

Mr. Wallace: Someone who thinks that France is doing very well because of its relatively high tax burden, despite having 12 per cent. unemployment, could make that argument, but I do not agree with it. I think that the UK has become wealthier because it has embraced enterprise and encouraged people to come here to create wealth and exploit innovation and technologies. That was actually what new Labour recognised all those years ago, but now seems to have abandoned. I understand that people work in the private sector and contribute to creating that wealth, but innovators need to be rewarded and incentivised. I do not think that I will ever earn £150,000, but that does not upset me or motivate me to go out to stop other people making that sum. I hope that if I can encourage people to be rewarded for their innovation, that will create wealth for this country and contribute to the coffers that pay for the vast public services that we all enjoy—I support public services and I do not want them to be reduced or cut.

Nothing in this Budget reversed the effect of some of the anti-saving mechanisms introduced during this Government's past 10 to 12 years: the taxes on pensions and the clear signals from the Prime Minister that borrowing was far more important than saving; time and again, the mantra used to be about, "The lowest mortgage rates since the war." That came out of the then Chancellor's mouth every time, and it was really telling people that they ought to be borrowing, not saving. We could pave the way to ensure that one of the ways out of this mess is to instigate saving again as the first rule of good fiscal policy, not the last.

I wish to deal with the thrust of my argument, which is about research and technology. My working background was in Britain's biggest research and technology organisation, QinetiQ, as it was known then. I also have the privilege of representing Lancaster university, which recently featured as having the United Kingdom's top physics department for research. Importantly, it will be our research, both pure and applied, that will get us out of this mess, and it will be the exploitation of intellectual property, especially in the sectors where Britain leads the world, that will help us to catch up in respect of the competitive impediments that we face.

I look with interest at the strategic investment fund of some £750 million that has been announced, £250 million of which will focus on low-carbon work—that is fine because that is in line with a Government policy; it is also a policy of ours to encourage alternative energy supply. Some £50 million will go to the Technology Strategy Board, the work of which I examined today and found that although it carries out a number of measures, I remain unsure whether such a body is needed to deliver such things; it has the right impetus, but it does not have nearly enough money as it should have.

I cannot quite account for where £450 million of the money is going—the Budget contains no detail about this, and I hope that the Minister who sums up offers a breakdown of that figure. Some £10 million is to go to UK Trade and Investment to promote British technology abroad, and that is welcome. When I used to deal with UKTI or the DTI—deter trade international—as it was then, it put so many bureaucratic barriers in our way when we tried to do business overseas that it was simply often not worth doing business with it.

We have missed the opportunity to strengthen or broaden the research and development tax credits measure, which was a good measure introduced by the Prime Minister when he was the Chancellor, and it is something for us to build on. In the Budget we should also have examined regional development agency reforms, as huge budgets are involved and they should be used to assist with pure and applied research. Amazingly, in my constituency, the physics department at Lancaster university is developing research that will help Britain in the short, medium and long-term, and when it faces pure education funding cuts, we should look to the RDAs to support that work, because it keeps scientists and top innovators

[Mr. Wallace]

in the country. It is a missed opportunity if we keep the work of the RDAs too far apart from that of some of our higher education institutions.

Amazingly, the most successful sector in which we exploit and develop intellectual property and research has not been mentioned—the aerospace industry. It exports roughly £20 billion of exports, employs 170,000 people up and down this country, is a world leader in many sectors, such as those associated with materials, applied technologies and engines—one thinks of companies such as Rolls-Royce—and it employs 2 per cent. of all the UK's apprentices. The reason it is not mentioned is that within the Ministry of Defence budget, defence research and development has been cut this year alone by 7 per cent. The Government have cut funding in the most successful sector in terms of our job and wealth creation—in those high-end competitive technologies—by 7 per cent.

That is not the only contradiction in the Government's small ambitions for job creation, because it abolished the Defence Export Services Organisation last year, which helped export the great inventions and technologies that defence put together. The aerospace industry helps to support the north-west and Lancashire as it is one of the biggest job providers in the region and in my county. It could be argued that abolishing DESO last year will provide more money for UKTI this year, but it has not made much difference. A bit of money has been moved from one place to another, but DESO was very successful.

Table 6.1 of the Red Book shows the efficiency savings made in all the Departments, and almost all have made cuts in sectors that are key to employment generation and the creation of a competitive economy. For example, the British Council has been cut by £18 million, but it is a long-term generator of customers and partners for the UK. If we prevent people from learning English in other countries or stop promoting cultural exchanges, they will not come and do business with Britain. They will go elsewhere.

The Department for Innovation, Universities and Skills has cuts of £118 million and £106 million linked to the research councils. The jargon that accompanies the table is waffly in the extreme, promising to save

"£118 million through increasing the effectiveness of research activities funded by the Research Councils by reducing administration costs and refocusing spend on new research priorities".

Any hon. Member with a university in his or her constituency will know that we have already had one of those rounds. We have already seen organisations such as Jodrell Bank face cuts.

The Department for Business, Enterprise and Regulatory Reform promises

"£1.4 million savings from the Competition Commission Council's fundamental review of the Competition Commission including through reducing burdens on business."

So the Government will cut the study that may help to reduce red tape on business and that would help business get us out of this mess. The Department for Environment, Food and Rural Affairs promises to save £44 million by putting the cost of animal disease monitoring and compensation on to farmers and rural businesses—and we should not forget that it was a Government lab that spread foot and mouth last year. That will not help our farmers in this economy.

To see the seeds of recovery, we have to sow the seeds of recovery. That means focusing on productivity, red tape and over-burdening employment legislation. The Government have avoided doing that in the Budget. Instead they have sown the seeds of uncertainty by pushing aside all the real economic truths, so that a certain new Government will have to pick up the pieces in 12 months' time.

8.23 pm

Tony Baldry (Banbury) (Con): It is a pleasure to follow my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace), but it is also worth observing that here we are, halfway through the Budget debate, yet there is not a single Labour Member in the Chamber to defend the Government's record. That is a dismal situation—

David Taylor: On a point of order, Madam Deputy Speaker. I request that the hon. Member for Banbury (Tony Baldry) corrects that statement. My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) is waiting to defend the Government loyally.

Madam Deputy Speaker: That is not a point of order for the Chair.

Tony Baldry: The hon. Member for Wolverhampton, South-West (Rob Marris) has spent most of the debate outside the Chamber. Even if he had spent most of the time here, it is pathetic that Labour's huge majority is reduced to one. It is so inefficient of the Whips that they cannot organise a rota of Members to defend their own Budget—

Emily Thornberry: Will the hon. Gentleman give way?

Tony Baldry: It is no good the hon. Lady jumping up and down. The only thing that she learned at the Bar was how to make a decent plea in mitigation. That is all that we heard from her earlier.

Last November, the Chancellor of the Exchequer said that the Government would need to borrow £118 billion next year. In last week's Budget he upped the amount to £175 billion. The increase of £57 billion is bigger than any of the Labour Government's previous Budget deficits. Borrowing that amount in the current financial year will be the highest level of borrowing since the second world war. Experts think that even those desperate figures are too optimistic. Hardly had the Chancellor sat down than the IMF contradicted his forecasts. It said that the British economy would contract by 0.4 per cent. next year as opposed to the Chancellor's prediction of growth of 1.25 per cent.—itself a desperate figure in any other circumstances.

After the Budget, everyone has to accept that, as a consequence of this Government's mismanagement of the economy, national debt will climb to about 80 per cent. of national income. Let us be clear that that indebtedness is the result of decisions made by this Government. They entered the recession, as the Governor of the Bank of England has said, borrowing too much and with little room for manoeuvre.

The overwhelming reality that everyone now must recognise is the complete mess into which the public finances have descended. The challenge now is how to

control state spending before it destroys national solvency. There is no way in which the Government can any longer pretend to spend and borrow their way out of the hole they have created. There is no more money to spend. As for borrowing, the figures are nightmarish. This year, the Government were already planning to sell a record £220 billion of bonds—gilts—followed by more than £240 billion in 2010-11 and £250 billion in 2011-12. In all, over five years they plan to sell some £900 billion of gilts, or twice the size of the entire UK Government bond market. What happens if overseas investors decide not to buy UK gilts? They are under no obligation to hold gilts and they have no reservations about selling them, especially as there will be competition from other countries wishing to attract lenders. What will happen if overseas investors seek higher yields elsewhere?

The reality is that before us lie at least two Parliaments of pain as we repair the damage caused by this Government's financial mismanagement and the resulting £90 billion a year black hole in the nation's coffers. The Institute for Fiscal Studies has estimated that it will take more than 22 years for the national debt to drop back to 40 per cent. from the nearly 80 per cent. that the Chancellor forecasts. Hamish McRae said in *The Independent* last Thursday:

"We have both a fiscal catastrophe and wild swings from boom to bust. You can blame this government in general and Gordon Brown in particular for that failure".

This Budget was also fundamentally dishonest on a number of counts. First, the Chancellor sought to give the impression that a black hole in the public finances could be sorted out by increasing the higher tax rates. Even if the 50 per cent. rate of tax were to bring in the Treasury's most optimistic yield, it would bring in only about £7 billion. To put that into context, the Government are planning to spend up to £4 billion on recruiting management consultants for the public sector over the next four years. So, £7 billion will not necessarily go a very long way and it is also a long way off meeting the £175 billion needed. Last week the Institute for Fiscal Studies also noted that raising the higher rate of tax, even to the 45p in the pound that was first thought of, might lose the Treasury money as it moves the wrong side of what economists call the Laffer curve after the economist who pointed out the tendency of punitive taxation to yield diminishing returns.

It will, of course, be a footnote to the 2009 Budget that it marked the death of new Labour when the Chancellor said the words,

"the new rate will be 50 per cent."—[*Official Report*, 22 April 2009; Vol. 491, c. 244.]

Was it not the present Prime Minister who, when he was Chancellor of the Exchequer, said on the "Today" programme in January 1997 that

"we will leave the basic rate of tax unchanged and we will leave the top rate of tax unchanged"?

That pledge was explicitly repeated in the 2001 and 2005 general elections—a tax promise that we were told reflected the spirit of new Labour and a commitment not to punish success. I suspect that the speech that we heard earlier this afternoon from the right hon. Member for North Tyneside (Mr. Byers), a former Labour Secretary of State for Trade and Industry, which condemned the 50 per cent. tax rate, will be well worth reading and re-reading.

It is dishonest of the Government to try to pretend that higher taxes can meet the need to sort out public finances. No Government for 30 years have sustained tax receipts above 37 per cent. of GDP, yet the Government are proposing that spending should rise to 48 per cent. of GDP, almost as high as in the mid-1970s, when the IMF came in.

The Budget was also dishonest in its basic assumptions about the economy's likely performance. That point was tellingly made on Friday when official figures showed that in the first three months of this year the British economy contracted at the fastest pace for 30 years, with a slump in manufacturing that was the worst since records began 61 years ago.

To my mind, the greatest dishonesty of the Budget was that it deliberately postponed until after the next general election any difficult decisions about public spending and controlling public spending. From 2011, public spending will grow in real terms by just 0.7 per cent. a year. Even in the tightest years of Margaret Thatcher's first Government, public spending increased by more than 2 per cent. in real terms. When I raised those points with the Secretary of State earlier in the debate, he accused me of raising a distraction. I shall say it again: the Government propose, after the next general election, a tighter level of public spending than we ever saw under Margaret Thatcher. However, we have not had a scintilla of a suggestion from any Minister about where they expect to make savings.

Disingenuously, Lord Mandelson toured the radio stations on Friday, challenging us to say how we would reduce spending. That was disingenuous because his words sought to give the impression that a Labour Government could and would maintain high public spending while the figures are there for everyone to see in the Budget. From 2011, public spending will grow at just 0.7 per cent. a year, which will inevitably result in some serious re-approaches to public spending. The country deserves better than a year of pre-election name-calling and a year of the Government of the living dead. We must all sort out sensible processes to engage everyone in an honest debate about how we can restructure the state. We need an honest acknowledgement that together we need to get a grip on Government spending and public spending and we need to decide how we can best achieve that. The Government will not even tell us how the vast amount of borrowing will be repaid. By next year, the Treasury expects Government debt interest payments alone to equal spending on education and defence combined.

At present, many of my constituents are understandably concerned about the taxes on the many that this Budget introduced: the increase in fuel duty, the reintroduction of the fuel duty escalator and the increased tax on beer. Those were all unwelcome, regressive moves. The ongoing challenge of this Budget—the reality to which every right hon. and hon. Member in this House has to face up—is the question of how we most effectively reduce public spending while, at the same time, maintaining decent public services. We need a grown-up and honest debate that engages everyone from now onwards.

We cannot simply spend the coming year between now and the general election catcalling at each other. This issue is far too serious. If we are to maintain decent public services and get our public finances in order, that will require sensible, proper, grown-up and mature debates. I think that the country expects no less of us all.

8.34 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a great pleasure to take part in this debate and to follow my hon. Friend the Member for Banbury (Tony Baldry). I am a company director and I refer the House to my entry in the Register of Members' Interests.

Many memorable Budgets have been announced in the House over the years: Lloyd George's people's Budget immediately springs to mind; the great reforming Budgets of the late 1940s and, more recently, Geoffrey Howe's famous 1981 Budget. Those were great speeches, delivered in times of social and economic unrest.

The 1909 Budget paved the way for radical social reform, including the introduction of the old-age pension and the first foundations of Britain's welfare state. In the post-war period, universal health care, full employment and a cradle to grave welfare state were introduced—far-reaching reforms that have stayed with us to this day. Geoffrey Howe, battling against recession and record inflation, took the politically brave decision to reduce Government spending and increase personal and indirect taxation. In the process, he created the confidence and paved the way for a decade of economic growth and prosperity.

This Budget could have taken its place alongside some of those greats. Certainly, the current situation demanded that of it: unemployment rising faster than ever before and record debt and borrowing—the worst recession for more than 60 years. We needed a Budget that looked to the future and offered a compelling vision for a better Britain. Instead, we had a Budget that was all about the Prime Minister's short-term survival and little else. Spin, re-announcements and political dividing lines are all we ever get from the Government, and the Budget was loaded with all three.

The single thing missing from the Budget speech was a narrative for getting us back on to the straight and narrow. That is what great Budgets do; they tell people the facts about the scale of the problem and set out clearly how the country can recover. Unfortunately for the Prime Minister, he is incapable of doing either of these things. For months he denied there was a recession at all. Then he said it would be less severe than the 1990s. Then he said it would be over by June. Now he is trying to convince us that in the midst of the worst economic downturn for 60 years or more, the economy will grow by 1.25 per cent. next year and a miraculous 2.5 per cent. by 2011. Last November in the pre-Budget report, he told us that growth would be minus 1 per cent., but last week he had to downgrade that figure to minus 3.5 per cent.—one of the biggest and quickest downgrades in the history of forecasting.

The Prime Minister's problem is that nobody believes him any more. Not for nothing has *The Economist* called the Budget

"a dishonest piece of pre-election politicking."

The managing director of the International Monetary Fund says that the Chancellor may have set out deliberately to mislead us. More than 50 per cent. of those polled by a PoliticsHome survey said they did not believe the Government's economic forecasts, which is hardly surprising when we consider what the Chancellor conveniently failed to mention in his speech in this Chamber.

The Chancellor did not mention the £45 billion black hole in the nation's finances, the equivalent of £1,430 for every family living in Britain. He did not mention the spending cuts worth 2.3 per cent. a year for each Department from 2011, as was so powerfully explained by many colleagues on both sides of the House.

Today, the Budget has been torn apart by speakers on both sides of the House, whether the powerful speech against the 50 per cent. tax rate made by the right hon. Member for North Tyneside (Mr. Byers), the tour de force by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), the speeches by other colleagues on the Conservative Benches or, perhaps more powerfully still, the almost robotic reading out of the line to take by the Secretary of State for Innovation, Universities and Skills and the hon. Member for Islington, South and Finsbury (Emily Thornberry). Both of them are honest and decent people; no wonder their heads were down as they read those lines so insincerely to the House.

The many, not the few, will ultimately suffer from the recession. There are already 2.1 million people in the dole queue. The increases in national insurance contributions will hit those earning more than £20,000 a year. The rise in fuel duty will hit motorists every time they fill their car's tank. Every drinker in every pub will have to fork out yet another rise in beer tax. Cuts to departmental spending will ultimately affect the most vulnerable in our society.

We have already seen the impact over the past few months—for example, on further education colleges, as the hon. Member for Barnsley, Central (Mr. Illsley) pointed out so powerfully earlier when he described how there was simply a fence around what was almost a bombsite at his FE college. We are waiting to see whether the Government can put right the mess they have made. Although the Chancellor pledged an extra £300 million, it will help only a small number of colleges.

Meanwhile, however, the Government's historic target of halving child poverty by 2010 will be missed because the Chancellor could not afford to give anything more than an extra £20 a year for child benefit. As the right hon. Member for North Tyneside said, that is profoundly regrettable. Social justice was to be this Government's guiding light. It was why members of the Labour party fought to bring this generation of Ministers to the Dispatch Box. They had the noble ideals and aspirations of improving the life chances of those with least, narrowing the gap between the haves and have-nots, and trying to create a fairer society, but instead we see the situation to which I referred earlier in the debate. There is no better measure of the failure of the Government's education policies than the number of young people not in employment, education or training—NEETs. That number is increasing by the day as a direct result of the Government's failure on education and the economy.

The truth is that poverty is still entrenched in too many communities. Social mobility itself has proved immovable. The circumstances into which a person is born still have an overwhelming influence on all aspects of their life. In 2007, the Sutton Trust funded a report to examine the educational achievements of children born between 1970 and 2000. It found that those born in the poorest fifth of households, but in the brightest group at the age of three, dropped from the 88th percentile for cognitive tests at age three to the 65th percentile at the age of five. On the other hand, those from the richest households who were least able at the age of three moved up from the 15th percentile to the

45th percentile by the age of five. As that trend continues throughout the early years, children from affluent households are likely to overtake their poorer counterparts by the age of seven, and that is happening at the end of 12 years of a Labour Government who promised that they would focus on education, education, education.

In 2007, the OECD concluded that the UK had the lowest levels of mobility of the 12 advanced countries studied. In 2006, the organisation placed Britain bottom of a ranking of 54 nations for the closest relationship between school test scores and parental background. No one on either side of the House can be happy with those statistics.

My hon. Friend the Member for Surrey Heath (Michael Gove) has set out in detail the extent of the challenges and problems that the country faces in encouraging academic excellence among those from less-affluent backgrounds. Some 55 per cent. of secondary schools in the most deprived parts of England do not achieve the expected benchmark of 30 per cent. good GCSEs, compared with just 3 per cent. in the least deprived areas. Pupils who are eligible for free school meals, but among the top 20 per cent. for ability, are about half as likely to go to university as their wealthier peers.

The Budget will do nothing to address those tragic failings. The child poverty target is set to be missed by some 600,000. The Chancellor was unable or unwilling to provide the necessary funding to narrow the gap further, despite the Joseph Rowntree Foundation saying that lifting children out of poverty could save the country at least £25 billion a year.

Regardless of who is in power in future years, money will be extremely tight for the Department for Children, Schools and Families. The Prime Minister's pledge—do we remember that?—to match the funding of state schools with that of private schools will not be realised. Perhaps this was the right time for the Chancellor to talk about school reform. Reform should be the new buzz word for Government as they talk about getting value for money, but we heard nothing new about the flagship academies programme. Under this Prime Minister, the Government have stepped back from the freedoms and hope that they offered to those with least in our society. We heard nothing about the continued disparity between the best and worst-funded local authorities, and nothing about getting more and better qualified teachers into the classroom, which is a key driver for pushing up standards.

The Government could have made the tough decisions that would have put this country back on the right track. They could also have made some critical short-term decisions that would have benefited the economy enormously. If they had recognised that the VAT cut was a monumental waste of money and had postponed it, it would have saved the Exchequer £8.5 billion, which could have been targeted elsewhere or used to pay off debt. Cancelling the identity card scheme would have freed up billions; introducing a proper credit guarantee scheme would have helped large and small businesses to get credit moving again.

The Government could have increased personal allowances for pensioners or scrapped income tax on savings for basic-rate taxpayers, rewarding those who have tried to do the right thing. They could have been up-front with people about where the axe will fall with regard to public spending. Unfortunately, the Prime Minister is incapable of being straight with people. He is incapable of thinking long-term, or of putting the interests of the country before his interests or those of the Labour party. New Labour has squandered the greatest economic legacy in living memory. When Gordon Brown entered the Treasury in 1997, inflation stood at 2.6 per cent. Growth was strong, and Government borrowing—

Madam Deputy Speaker: Order. May I remind the hon. Gentleman about referring to Members of this House by their constituency or proper parliamentary title?

Mr. Stuart: I apologise, Madam Deputy Speaker. Growth was strong and Government borrowing was coming down. The Prime Minister will leave Downing street having presided over the worst economic crisis for more than 60 years, having left us with the worst borrowing figures in our history, and having wasted a once-in-a-generation opportunity to reform our great public services. That is the true cost of 12 years of Labour.

8.46 pm

Rob Marris (Wolverhampton, South-West) (Lab): I think that we are inching our way there as a House. We are at a big fork in the road, and the details are important. Following on from the closing remarks of the hon. Member for Banbury (Tony Baldry), and the speeches that I heard in the Chamber on Wednesday by my right hon. Friend the Member for Birkenhead (Mr. Field), and the hon. Member for Esher and Walton (Mr. Taylor), we need to look at the big picture.

As I say, our society is at a big fork in the road. That was hinted at somewhat in the exchanges between the Conservative and Government Front Benchers today, but neither of them went far enough. My right hon. Friend the Secretary of State for Innovation, Universities and Skills opened the debate with a solid speech backing up the Budget and the reasons for it. The right hon. and learned Member for Rushcliffe (Mr. Clarke), speaking for the official Opposition, gave a slapdash but polished performance in his usual way. His speech was witty and good, but it did not even tackle what I think is the big picture.

We all know, as constituency MPs, that when our constituents approach us requesting that the Government do something, whether at national, regional or local level, it is almost invariably—but not always—to do with spending money. There are those who come to us and say, "Don't spend our money on identity cards" or "Don't spend our money on Trident." That would save money, but that is not what motivates them to come to us. In my experience, and from talking to hon. Members over the years, I know that that is what constituents say. They state, "The Government ought to be doing this", and the "this" to which they refer costs a lot of money.

Both today and earlier in the debate on the Budget, Conservative Back Benchers have quite properly raised their concerns about social issues, child poverty and so on, and have decried the Government for not having had more success on those issues. They have implied, and sometimes explicitly said, that they want a Government to spend more money on those sorts of things. However, as human beings, residents of the United Kingdom and politicians, we all know that resources are finite. That is why we are at a big fork in the road.

[Rob Marris]

People in this country and around the western world face a growing debate on the size of the state. Should the state consume 30, 40 or 50 per cent. of resources, or more, as happens in some countries? Should the state be shrinking or growing? Those are the kind of big-picture public debates that we do not often have in this House. Nor do we often have the sort of debate that I am talking about—I am not an academic—in our society. People do not ask, "How big should the state be? How big are we comfortable with it being? If it is bigger, what do we get in return for a bigger stake? Is that what we want?" We do not have enough of those debates. Such debates may sound overly academic and philosophical, but they are intensely important to the future of our society and the future of our economy.

Mr. Swayne: Those are precisely the debates that we used to have when I was a student. It was healthy that there was that political divide and argument on those points. The problem is that we have arrived at the current situation with an enormous proportion of the national income being consumed by the Government, particularly in the future as the debt grows, not as a consequence of any thought-through, discussed or debated action, but purely by accident and incompetence.

Rob Marris: I disagree with the hon. Gentleman in that regard. We have come to this pass partly by happenstance—my word, not his—because of changes in the world that are reflected in our country, and contributed to by certain actions in the large financial sector in London, but we have also come to this pass in terms of the size of the state, which has been growing in recent years, because of a political decision by the Government, which I support. That was to expand the size of the state and to increase state spending. We increased borrowing to pay for part of that, and we quite nakedly increased taxation to pay for part of that, and I think we were right to do so.

It is a charge levelled today, and it was certainly levelled by the right hon. Member for Witney (Mr. Cameron) when he responded to the Budget, that Labour failed to fix the roof when the sun was shining. I reject the second half of that charge, inasmuch as there has been massive capital and social investment by the Government in the past 12 years, but I recognise the first half of it. In spite of the "golden legacy" rhetoric that we got from the right hon. and learned Member for Rushcliffe today, those on the Conservative Benches, by using that phrase repeatedly, accept the fact that the roof was leaking in 1997—[Hon. Members: "No, it was not!"]

Had the right hon. and learned Member for Rushcliffe, when he was joking about Members going to the gym, told me that he had been to the gym earlier, I would have been astounded, as I was by his gall in extolling the virtues of the FE sector. I remember that in his final year as Chancellor of the Exchequer, the capital spend allocated for FE was nil. That takes some brass neck. The roof needed fixing, and we have gone some way to doing that in the past 12 years, but we need a broader debate about the role and the size of the state. We need a debate about wealth creation.

David Taylor: My hon. Friend is rightly introducing a philosophical dimension to the debate by talking about the size of the state and the fact that it has grown. Would he link to that the need to review more closely the democratic accountability for some aspects of the public sector spending increases that we have seen, such as in relation to the Learning and Skills Council or the inevitable private finance initiative, where there has been relatively little responsibility and accountability for politicians in any council or in Government?

Rob Marris: My hon. Friend has the advantage of sitting next to me—

David Taylor: I was not looking.

Rob Marris: He can see on my notes, which he says he was not looking at, that PFI and quangos are the next part of my speech.

I return to wealth creation for a moment. Wealth creation is sometimes posited by conservative—and Conservative—commentators as stemming from the private sector and not from the public sector. There is a myth that the private sector creates wealth and the public sector spends it. The hon. Member for Lancaster and Wyre (Mr. Wallace) seemed to be intimating that. He then rushed on to extol the virtues of the university in his constituency, what it was doing for research and what that would do for wealth creation. I may be wrong—perhaps there is a private university in his constituency, but the university of Lancaster is a public institution.

An accountant came to see me in my constituency a while ago, pushing the same nonsense line. I asked, "Are your staff literate?" "Of course," he said. I said, "Who do you think taught them to be literate? Did they all go to private schools?" "Oh no, they didn't," he replied. I asked, "Do they ever get sick?" "Yes, they do," he said. "Well," I asked, "do they get treated by private medicine or the NHS?" "The NHS," he said. So I said, "Don't tell me it is only the private sector that creates wealth."

Of course the private sector is a major driver of and contributor to wealth creation in this country and should be fostered for that, but when we are having a discussion on the size and role of the state, we should remember that the state itself, through the public services that it provides, has a role in wealth creation. One of the big factors that is tipping General Motors and Chrysler over the edge—it has not yet tipped, and we hope will not tip, Ford Motor Company over the edge—is the huge amount that they have to pay out for health insurance. Ironically, the big corporations in the United States of America now say to the Federal Government under President Obama, "Bring in some kind of national health service; we can't afford to pay all this stuff." The NHS in the United Kingdom has a role to play in wealth creation, and we should never overlook that when we discuss the role and size of the state.

There are problems with the role of the state, as my hon. Friend says. I have always been very dubious about the private finance initiative, and I must say to my right hon. Friend the Financial Secretary to the Treasury that I am surprised that we are continuing with it and, in fact, bunging it £2 billion to dig it out of a hole. It seems to me to be a contradiction in terms. Under this Government, sadly, quangos have proliferated, so I am glad that the Learning and Skills Council, which my hon. Friend the Member for North-West Leicestershire (David Taylor) mentioned, will be abolished. I have been pressing for that for several years.

The state has a fantastic role to play, but there is a price. If, unfortunately, there is to be a change of Government, the figures for Government borrowing in the ensuing years will still be very similar. This year, there is a debt of £175 billion, or 12.4 per cent. of GDP; next year, it shrinks to £173 billion, or 11.9 per cent. of GDP; then to £140 billion in 2011-12, or 9.9 per cent.; and, in five years' time, we will reach a £97 billion deficit. Those are huge figures and, when we talk about such big figures, we as politicians and as citizens must ask: what are we getting for it, are we getting what we want, how big a stake do we want and what do we want the state to do?

Some of that debt is inherently supportable by me and, I suspect, many of my constituents when it is invested in bricks and mortar. The majority of my constituents who buy a house, like the majority of people throughout the country, do so on a mortgage; they borrow money to invest in bricks and mortar and, 25 years later, when they have paid it off, they have something to show for their money.

We will also be borrowing money to pay benefits, however, and I support that. I do not want it to be a long-term thing, but I do not want people starving in the street or in poverty. We are borrowing money for education, and the state has a huge role to play in education. The state should provide free education in school; subsidise universities—as it does to the tune of about £10 billion—and further education colleges; and provide the national health service. When economic times are tough, that requires borrowing money to keep people alive—literally, in the case of the NHS. There should be a big public debate.

There is another big public debate that we have not had, or have had only tangentially, about the role of taxation in social change. I hear the figures bandied about—about how the 50 per cent. tax rate will drive people out the country, about the Laffer curve and about how the tax take will go down. Of course, one has to be aware of that issue, but there is also a basic issue of equality. Professional footballers in this country earn in two weeks more than the Prime Minister does in a year.

Mr. Syms: They deserve it.

Rob Marris: Somebody says, from a understary position, "They deserve it." Come on, let us have a mature debate.

Mr. David Chaytor (Bury, North) (Lab): Will my hon. Friend give way?

Rob Marris: No, I do not have time.

We need a mature debate about our society's inequalities, which have increased under this Government, as they did under the previous Government. I find that regrettable. A 50 per cent. tax rate may be counter-productive in terms of revenues, but it says something to me about the kind of society in which I want to live, and about what that society stands for in terms of equality. The tax system and tax revenues have a role to play in social change on international development—in stopping people starving throughout the world. Taxation has a role not only in the revenues that it raises, but in the messages that it sends about child poverty and the position of pensioners in our society. There is also a role for it in trying to address the tremendous environmental problems that our society and the world face. The way in which we use those levers, and the goals that we seek to achieve with them, however, do not get discussed enough at a philosophical level in the House. Instead, we charge on to the fine print. That can be extremely important in matters such as the rise in beer duty, which is causing a big problem in my constituency, where there is a big brewery; I think that the Government have got that wrong. However, if we concentrate too much on the micro picture, we miss the macro picture. This House, of all places, should be debating the kind of society we wish to have, how we are going to get it, the role and amount of taxation that gets us to that goal, and the role, efficacy and procedures of the state in that overall picture.

I would caution Conservative MPs on this issue. Most of the progressive policies that we have had in this country in the past 100 years did not come from Conservative Members but are now supported by Conservative Members. One of the most recent examples is the national minimum wage. Apart from the Disability Discrimination Act 1995, every single piece of anti-discrimination legislation, which is now widely supported across the political spectrum, was brought in by a Labour Government. That also applies to measures on basic workers' rights—health and safety at work and so on—progressive income tax, greater equality in our society, and tackling poverty. I would say this to Conservative Members: be careful where you are today, lest you again get left behind tomorrow.

9.1 pm

Mr. Robert Syms (Poole) (Con): I declare my interest in the Register of Members' Interests as a director of a family business.

In the market system—the capitalist system—there are always ups and downs. Recessions are very much part of the system; the trick is to ensure that the ups are high and the downs are very modest. For the past decade or so, the Prime Minister, when he was Chancellor, lectured us about abolishing boom and bust. A lot of the problems that we face today arose because the then Chancellor believed his own phrases. I have never seen a Government totally abolish boom and bust. At a time when the economy was growing, and when it was clear that that was not going to continue because of imbalances within the economy, the Government did not make preparations for more difficult times ahead.

The spending that the Government undertook was predicated on a tax take that was heavily skewed towards the City. We talked about bonuses earlier. In terms of tax take, the Government were one of the biggest beneficiaries of the very large City bonuses. We have seen a major housing boom, which generates stamp duty and the other associated tax revenues. It is a pity that the Government did not heed the warning signs and start to run surpluses, as in the German economy. The German economy entered the difficult times with a 3 per cent. surplus, whereas our economy had a 3 per cent. deficit. That is why we are now talking about a figure of 12.4 per cent., on the Government's forecasts, and that could be far worse if the IMF is right, if growth does not spring back as rapidly, or if the spending plans are not met. We are therefore more prone to the

[Mr. Robert Syms]

ups and downs and storms of a world economy. The charge against the Government is not that they could have avoided some of the difficulties that the global economy is causing, but that because they spent so much the British economy is more vulnerable to what is going on. As a result, we are in for a very difficult time over the next two or three years, certainly in terms of unemployment and what that will mean for many of our constituents.

I am not sure whether the Government growth forecasts will be met; I hope so, because that is key. I suspect that with devaluation, with quantitative easing, and with reflation in the United States and in China, next year the Government will be more right than the IMF, but I am a little more sceptical about 3.5 per cent. for the year after. It takes quite a long time to unscramble a financial crisis. Some households are better off because of lower interest rates and mortgage payments, but they will initially choose to pay off credit cards and car loans, and to save money. The question is when they will feel confident about their own jobs and their own position and start to spend money again.

Growth would be the easiest way out of this problem, but I suspect that whoever wins the general election in 2010, the reality is that there will be very difficult decisions to be made about spending and tax. There has to be an honest debate about what the state can do and how we can raise the money that is needed. Unless we deal with the budget deficit, particularly its structural elements, our children and grandchildren will pay a very high price for many years.

Because we have ended up running into the recession with Government spending too high, and because in the Budget 12 months ago and the pre-Budget report the Government took rather too optimistic a view of the economic prospects, their room for manoeuvre has been rather limited. We have now had a modest Budget with the Government taking a few eye-catching measures, but their inability to do much more has been clear, particularly after the strictures of the Governor of the Bank of England.

It is a pity that the Government invested money by cutting VAT by £12 billion. The hon. Member for Wolverhampton, South-West (Rob Marris) was absolutely right that wealth is generated by both the public sector and the private sector, but it depends on what the public sector invests its money in. To take the example of California, its private sector wealth was generated by the universities and the highways, built largely by Governor Brown in the 1960s and Reagan in the 1970s. That allowed Palo Alto, Silicon valley and other business areas to develop, on the basis of the knowledge economy and the fact that people could drive around. There was a good climate for development. Part of the problem with the debt that we will have is that not enough of it is going into building houses and roads, which have a long-term legacy, and rather too much into paying people who are unfortunate enough to lose their jobs. I cannot see any way around that, but I join in the criticism that many of my colleagues have made that some cuts in investment are having to be made to accommodate those who are losing their jobs and need support through this difficult time.

The level of debt will be difficult, and every child could be born owing £22,500, so that needs to be dealt with. We have heard about the importance of the savings ratio. I think that it will rise because of the circumstances, but as a nation we need to develop more savings. Our banking system collapsed because there were too few savers and too much money was being borrowed on international capital markets.

There are a number of things that the Government could have done in the Budget. The unified business rate on empty properties was mentioned earlier, and it is causing people a lot of difficulty. If we are not careful, we will go back to people taking roofs off properties to avoid paying tax.

We are in for a very difficult time as a nation over the next two or three years. Generally speaking I am an optimist, and although at the moment it is very difficult to be anything but pessimistic when we look at the figures, if the economy starts to grow and the hard work and innovation of our nation kicks in, I am sure we will get through it. Those of us in politics owe it to our constituents to be honest about the choices that people face and their alternatives, because in the long term it does us no good to pretend that the world is a different place from the place that it is.

9.8 pm

John Howell (Henley) (Con): It was interesting to hear in the opening remarks of the Secretary of State for Innovation, Universities and Skills that he is clearly one of those who believe that the verb "to cut" is one of those irregular verbs in the English language—I make efficiency savings, you cut, and presumably he undermines the whole British economy.

Over the past month I have held a series of events in my constituency to help local businesses, especially small and medium-sized enterprises, in the recession. The reasons for doing that are pretty obvious. First, the help had been extremely fragmented, so no one had the total picture, and what information there was had been slow in coming forward and was incomplete. To follow on from the comments of my hon. Friend the Member for New Forest, West (Mr. Swayne), none of the Government help has reached any of the businesses that came to those meetings.

The formula for putting the meetings together was the fairly simple one of getting all the help providers and the companies in the same room for the first time. At the first meeting, we needed more than 20 stands for help providers in order for businesses to get a complete picture. More than 200 people attended and two messages clearly emerged: whatever the Government have promised, none of it is getting through; and, although the Government appear to recognise that there is a problem, there was general mirth about the view that the approach was coherent or co-ordinated.

The drying up of loan finance is the real problem, exacerbated by the punishing charges that the banks impose and the lack of social responsibility that they have shown. There are several examples of that. An engineering company with a long history of excellent cash and debt management, which had made little if any use of its overdraft, suddenly found the facility withdrawn. An important safety net had been removed, with huge risk to that company's reputation. Another

company asked why, if the Government were so keen for the banks to show social responsibility, its overdraft had been renewed with an increase of 1,000 per cent. on the bank charges. Perhaps the ultimate summing up came from a company that said:

"This does not reflect the urgency and support for SMEs that the Government is encouraging the banks to adopt."

For many companies, the individual measures for business in the Budget may or may not be fine as far as they go, but as my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) pointed out, they are largely peripheral to the main issue. They show the pretence of action when none is happening. Restoring supervision to the Bank of England is more likely than anything else to change banks' behaviour and inject some social responsibility into them. The companies that attended my events expressed huge doubts about whether they can access any of the money that it is suggested is available, or whether the Government or the banks can disburse it.

The Government have been quiet about business deregulation. Yet, when times are hard, it is all the more important to get regulation right so that it does not add unnecessary bureaucracy. Business deregulation has been downgraded—perhaps the Financial Secretary will comment on whether he has genuinely downgraded its importance. What happened to regulatory budgets? They appear to have been quietly shelved. Responsibility for the matter seems to have been shuffled off to a new better regulation sub-committee of the National Economic Council. What a humiliation for an important agenda, once chaired by Tony Blair, to be relegated in that way.

Much has been made of the fact that we are considering a Budget for jobs. The Government may have been thrashing about, trying to predict the rise in unemployment, but it was clear from my visit earlier in the year to the European Commission that it already had projections of unemployment hitting 3 million. I would have more faith in the Government's ability to and sincerity about tackling unemployment if they had not wasted five months before recognising the impact of the stock of long-term unemployed on the recession.

In October, the Work and Pensions Committee heard evidence from the Social Market Foundation that the stock of long-term unemployed was expected to rise substantially—to three or four times the current number. By December, the Minister for Employment and Welfare Reform told the Committee in reply to question 194 in evidence to the "DWP's Commissioning Strategy and the Flexible New Deal" report that,

"despite the most virulent horror stories of doom and gloom from some, there are no projections that say that the pool of longer term unemployed is going to grow along the same sort of trend as unemployment is at the moment."

In February, Ministers serving on the Welfare Reform Public Bill Committee said that they were taking precautionary measures because of a belief that the stock of long-term unemployed could increase three or four times and that they were consequently reviewing the flexible new deal contracts. It is not unreasonable to expect the Government to have anticipated that earlier, but it would, of course, have blown the myth of the end of boom and bust.

Several hon. Members mentioned the VAT cut, and I want to comment on that expensive and time-consuming measure for business. That error has now been compounded by the timing of the increase at one of the biggest sales periods of the year and the cut generating its own bureaucracy, as we see from the anti-avoidance provisions that will be introduced in the Finance Bill.

I could not believe that the Government tried to claim that the VAT decrease had worked. Strictly speaking, of course, it will never be possible to say with certainty that it has worked, because a direct comparison with the counter-argument—that is, what would have happened without it—cannot logically be made. We are therefore reliant on proxies, looking for a surprisingly large increase in the sales of items subject to VAT relative to those that are not subject to VAT. Any claim by the Government relying on the fact that non-food sales, which attract more VAT, have done better completely obscures the fact that they are based on volumes rather than values, so the cut is unlikely to account for any deep discounts that we saw over that period. Such data are unclear anyway, with so many factors playing a part, such as postponed purchases finally being made and the effect of interest. Any Government claim that the VAT decrease has done its work is largely no more than wishful thinking and spin.

The International Monetary Fund identified 64 banking crises around the globe between 1970 and 1999. It showed, as did other studies, a similar pattern in many of the crises. What burst the bubbles was different in each case, but it is right to ask why the Government did not recognise that sequence. One is tempted to answer the question by saying that the Government were so confident that they had ended boom and bust that they did not believe that a crisis would happen in the UK and had actually started to believe the spin of their own fiscal rules. As a result, the appalling economic state of the country has now been found out and we are all paying the price in this Budget of despair.

9.16 pm

Mr. Bernard Jenkin (North Essex) (Con): Before I start my remarks, I want to return briefly to the disarming honesty of the hon. Member for Wolverhampton, South-West (Rob Marris), who gave us a speech of philosophical exploration that might have been more appropriate at the beginning of a period of Labour Government than towards the end of one. As I reflect on his extolling of the virtues and the role of the public sector in the social and economic life of our country, it occurs to me that I would have greeted his speech more sympathetically if the huge increases that we have seen disbursed on public services, notably education and health, had produced commensurate increases in the quality and output of those services. However, although school buildings may have improved, for example, educational standards have continued to decline.

Let us look at the state of the health service, which is awash with money in my constituency, with the primary care trust desperately disbursing money on this and that little project at the end of the financial year in order to get rid of it. The public sector is apparently completely isolated from the reality that is engulfing the rest of the economy, including the small businesses and wealth creators in my constituency. Having nearly doubled public expenditure on the national health service over the period of this Government, we have hardly seen any commensurate increase in the productivity of the health service. Yes, there have been improvements in health

[Mr. Bernard Jenkin]

outcomes and in wages in the health service, and an enormous increase in manpower. However, that increase has not produced the improvements in outcomes, treatment or experiences for patients in the health service that we always expected to see.

As speaker after speaker on the Conservative Benches has demonstrated, and as my hon. Friend the Member for Henley (John Howell) has just ably and articulately described, the Budget is not a best judgment about growth, spending and taxation, reflecting the best interests of this country and our people. It is not even just a missed opportunity to start the rescue of the public finances and restore economic competence. Rather, this Budget is the last, desperate throw of the dice by a Government who are simply playing for time.

Everyone was aware before the Budget that the public finances were in a dire state. The Budget should have provided a clear path to balancing spending and taxation, but it does not do so. The Chancellor has put off such decisions until after a general election. The Institute for Fiscal Studies has devastatingly confirmed that the scale of the deficit next year will be far bigger than the merely cyclical deficit that occurs during a downturn in the economy. Much, if not most, of this deficit is structural.

For years, many Conservative Members warned that the Government were living beyond their means, and urged Ministers to rectify the situation, only to be met with the usual cries about Tory cuts. We heard that again from the hon. Member for Islington, South and Finsbury (Emily Thornberry) this evening. The fact is that the UK and US Governments became convinced that any recession threat could be averted by lowering interest rates, and that it was therefore permissible to go on borrowing against the economic cycle indefinitely. Low interest rates, low inflation and steady growth disguised the unsustainability of the structural debt and the massive trade imbalances that had built up in the global economy.

This was not the crisis of high interest rates and inflation of post-war experience; it emerged in the financial sector that was regulated by the US and UK Governments. Its first symptom was the credit crunch, which might have emerged in America, although the first bank to fall over was Northern Rock, over here. Certainly, the United States Government were responsible for the structural failures in the American financial system, but those failures were replicated in this country in even more extreme form. The UK banks were even more highly geared than their American counterparts. This is a crisis of Anglo-Saxon economic management, as my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) adumbrated, but it is one for which British and American politicians stand jointly responsible, based not least on the utter hubris of their belief that politicians could abolish boom and bust.

Reliance on the City and the financial sector as a driver of economic growth and a source of taxation blinded both Governments to the dangers of the unsustainable bubble in property and house prices and of the level of debt of households, corporations and the Government. After living beyond our means for so long, the public finances could not cope with even a modest recession, let alone with the catastrophe that we now face.

I would say to the hon. Member for Islington, South and Finsbury that this is not the consequence of Thatcherism. Mrs. Thatcher was elected to 12 years of government after coining the phrase that we cannot spend more than we can earn. That mantra was studiously ignored by the present Prime Minister when he was Chancellor. According to Citigroup, even in the second quarter of 2008, the United Kingdom had debts worth 400 per cent. of gross domestic product. If we compare that with our G8 competitors, we see that France comes nearest to that, but it has only 176 per cent.

The Government failed to control borrowing, which was used to fund consumption. Every year, the then Chancellor's forecasts on borrowing were wrong. In 2003, he said that borrowing for 2003-04 would be £24 billion, but the outturn was £37.5 billion. His borrowing projections in that Budget for the next four years—2003 to 2007—even in a period of stable growth, were wrong again, by £52.5 billion. The present Chancellor is now planning to borrow £269 billion more over the next five years than he was in November, just a few months ago. That damages market confidence that the Government can service their debts and manage the economy effectively. Far from "entrenching a low-debt economy", as the Labour manifesto laughably promised, Labour will have doubled the national debt to £1.4 trillion, and that is leaving aside all the unfunded and off-balance-sheet liabilities such as private finance initiatives, pensions and so on.

Every child born today assumes a notional debt of £22,500, which is rather more than the Chancellor has put into their child trust fund. For all the commitment of Labour politicians to the growth and sustainability of public spending increases, the fastest-growing public spending programme in recent years has not been education or health, but debt interest. The cost of debt interest is now nearly as large as the entire defence budget, and nobody in their right mind can regard that as a suitable allocation of the national resources. It is paying for today by borrowing from tomorrow, and it is one of the reasons why the British people are so angry with this Government.

Any new Government will have to choose from only three options available to address national debt: inflate our way out of it, tax our way out of it or reduce public spending as a proportion of national income. We have heard many siren voices advocating a dose of inflation, but they invite many more dangers than solutions. The pain of defeating inflation is etched on the memory of this House and this nation, and we do not want to go there again.

I applaud my right hon. Friend the Leader of the Opposition for not ruling out further tax rises, and some will probably be necessary, but he will be all too aware that the scope for further tax rises is limited if we are not to continue to damage the supply side of the economy and the recovery itself. Let us take as an example the 50 per cent. top tax rate, now proposed, and the devastating critique that we heard from the right hon. Member for North Tyneside (Mr. Byers). The 50 per cent. rate is having immediate effect on City salaries, as employers negotiating to recruit people from overseas will have to offer more than they would have done before the Budget to attract that same person to come to the City of London to work in our internationally

competitive financial services sector. In the longer term, it will drive businesses to relocate elsewhere, to lower tax environments.

It is all very well saying that some Scandinavian countries have high personal taxation, but they do not have the internationally competitive financial services sector that we thrive on in this country. They would not attract business of the kind on which so much of our economy now depends; nor would we if we were to set similar tax rates. By all means, the hon. Member for Wolverhampton, South-West can start that debate, but I reckon he is about 30 years behind the curve, unable even to convince the former Secretary of State for Trade and Industry, the right hon. Member for North Tyneside.

The idea that that one tax change will yield an extra £5.3 billion over the next three years is utter moonshine. As business and high earners take flight, Labour has forgotten one of Ronald Reagan's mantras, which was taken to heart by new Labour in the old days, "You do not make the poor richer by making the rich poorer." The former Prime Minister, Tony Blair, is reported to be in despair about that particular choice in the Budget.

That leaves spending cuts. The Leader of the Opposition is right to say that in future Departments must be judged not by how much they spend but by how much they save. The real tragedy will be unemployment. A new Conservative Government must make it absolutely plain that any pain inflicted by tax increases or spending restraint is to restore the growth of the economy and of jobs in this country. Once again, a Labour Government will be leaving office with unemployment higher than that which they inherited—

Madam Deputy Speaker: Order. The hon. Gentleman's time is up.

9.29 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): It is a pleasure to make a winding-up speech in today's Budget debate. Remarkably, this Budget has unravelled even more quickly than other Labour Budget disasters of recent years. Friday's gross domestic product figures laid bare the Chancellor's recklessly optimistic growth forecasts, which had been made less than 48 hours earlier. With the economy contracting at its fastest rate in 30 years, forecasters and observers were left with little choice but to agree with the Conservatives' initial reaction to Wednesday's Budget: the Government are betting the shop on there being a trampoline recovery. Given the dire state of the patient, the recovery they are seeking or predicting appears almost bionic in proportion. With growth projections of 3.5 per cent. for the recovery, they are predicting that in 2011 and two years beyond, the economy will be growing as fast as it is currently shrinking. Given the fact that the shrinkage is at its highest rate in 30 years, we all have to question that forward growth assumption. Given that those forward growth forecasts for two years did not even last two days, we must register our severe our doubts.

Today we heard a few Labour Members setting out to blame Baroness Thatcher for the current recession. We heard reasons such as the big bang, right to buy and encouraging home ownership. We even heard about her abolition of currency controls as being one reason for the current recession.

One Labour Member did not blame Baroness Thatcher for the recession—the right hon. Member for North Tyneside (Mr. Byers). In a devastating speech, he asked about the 50p tax rate, warning that focus groups may sometimes be wrong. He called the rate "more to do with political positioning" than raising revenue, an extraordinary and significant attack on the Government. He reminded everyone of the breaking of the Labour manifesto pledge. I recall Tony Blair standing at the Dispatch Box and attacking the Liberal Democrats many times for proposing a 50p top tax rate. That will come back to haunt the Government.

We heard from other Labour Back Benchers. The hon. Member for Barnsley, Central (Mr. Illsley) attacked rises in alcohol duties and the tax on bingo, to which I shall return. On a rare occasion, we heard from the right hon. Member for Banff and Buchan (Mr. Salmond). I thought for a moment that perhaps he was clocking in a few weeks too early and was not up to date with the news that the scheme has been scrapped. In a good speech, he talked about Labour's "reverse stimulus", and predictably he attacked Trident. However, he seemed to be saying that Labour is spending too little, which was interesting.

The hon. Member for Gloucester (Mr. Dhanda) started off with a number of erroneous claims about my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), although he balanced that with some criticism of the Budget. I share the opinion of many in the House that the Prime Minister was wrong to sack the hon. Gentleman last year. I happen to know quite a bit of the background of the case, because it was over a planning application in my constituency. I think that the hon. Gentleman made the right call on that, and the Prime Minister made the wrong call to sack him.

My hon. Friend the Member for Mid-Sussex (Mr. Soames) gave a packed but excellent speech, describing an economy in ruins. He offered a comprehensive critique of the past 12 years of Government policy on pensions, borrowing and tax complexity and of failures in manufacturing.

Although the calls by the hon. Member for Luton, North (Kelvin Hopkins) for national protectionism, exchange controls, even more debt and even more punitive taxation will get marks for bravery, I am not sure that they will find much favour on any Front Bench.

We had an excellent and passionate speech from my hon. Friend the Member for New Forest, West (Mr. Swayne), who called the Budget post-dated. He described the harsh reality facing small businesses in his constituency, made a plea for savers and called for more scrutiny of quantitative easing.

The hon. Member for Islington, South and Finsbury (Emily Thornberry) talked about her early career as a barrister, which started in Poplar job centre. I thought that she could be a role model for some in her constituency during this particular downturn, reminding us that miracles do happen.

My hon. Friend the Member for Lancaster and Wyre (Mr. Wallace) made a detailed speech on the importance of innovation, intellectual property, and science and technology, especially in the aerospace industry. We had another excellent speech from my hon. Friend the Member for Banbury (Tony Baldry), who pointed out that almost no Labour Members were here to talk about the Budget.

[Mr. Greg Hands]

He concentrated on public finances and reminded us what the IFS had said about the two Parliaments of pain that are expected to come. He gave Labour Members some home truths about their dishonest Budget. My hon. Friend the Member for Beverley and Holderness (Mr. Stuart) also pointed out a number of dishonesties in the Government's Budget, and put this terrible Budget in to its proper historical context.

The hon. Member for Wolverhampton, South-West (Rob Marris) made a thoughtful speech on the size of the state, the importance of wealth creation and whether we are getting value for money from our public services. Conservative Members would certainly welcome that debate.

My hon. Friend the Member for Poole (Mr. Syms) drew some interesting international parallels with Germany and California. Interestingly, he was the first speaker in today's debate to use the phrase "boom and bust". Not so long ago, "boom and bust" was normally the phrase that started each Budget debate. It was used by the then Chancellor, the current Prime Minister, who claimed that he had effected its abolition.

My hon. Friend the Member for Henley (John Howell) made an excellent speech mainly about SMEs. He reminded me, and many others, why we campaigned so hard for him to be elected to the House more or less a year ago today. My hon. Friend the Member for North Essex (Mr. Jenkin) analysed the deficit and the debt in some detail and rightly called the Budget "a desperate last throw of the dice". It has been a fascinating debate.

Very few businesses will have been fooled by the very few goodies that they were offered on Wednesday. Most will have been left reeling at the thought of how much business taxation might have to rise to pay for Labour's profligacy. The Chancellor set great store by some of those measures, but each of them was dwarfed by the appalling borrowing figures. He announced in just 93 words the borrowing of £703 billion, yet it took more than 2,500 words to outline the new sweeteners.

Some of those measures were long overdue. We heard about the £50 million on forces' homes, the £100 million to local authorities for energy-efficient homes and the £500 million in incentives to the construction industry. That dwelling on the good news and the covering up of the bad news has been a characteristic of new Labour Budgets, but let us dwell for a moment on the relative sizes of the good news and the bad news. For every pound earmarked for the construction industry in the Budget, £1,400 was announced in new borrowing. For every pound on energy-efficient homes, we heard of £7,000 in borrowing. For every pound earmarked for much needed forces' accommodation, £14,000 was announced in new borrowing.

The main story of this Budget is debt, and I want to dwell on that particularly in my remarks—some of the dangers to which the UK economy is exposed by these massive levels of borrowing. When the Government announced £703 billion of new net debt on Wednesday, with £220 billion to come in gross debt this year, the market more than shuddered. There is an assumption in Government circles that the ability of the market to absorb debt is infinite. I worked for a large part of the '80s and the '90s in the fixed income markets. It is true that Governments are less likely to default on payments in their domestic currency debt than many observers in the press might think, but that does not stop the market from making it extraordinarily expensive to borrow, and at the moment, it is expensive to borrow.

Although absolute levels for gilt yields are not high by the standards of some previous recessions, the yield curve is incredibly steep. Anyone who has worked in fixed income knows that interest rates are best viewed proportionally, rather than linearly. In other words, a rise from 0.5 per cent. to 1 per cent. can be as significant as a rise from 10 to 20 per cent.

The current gilt yield curve sees rates rising from 0.5 per cent. to 4.5 per cent., which means that long-term rates are an incredible nine times as high as short-term rates. We know that all world yield curves are currently steep, but none is as steep as the sterling curve. Some implied forward interest rates are truly astronomical, which means that the market is saying that borrowing costs in the future will be very large indeed, especially real borrowing costs—in other words, relative to inflation. Those high borrowing costs will have an impact on taxation and spending in future years.

Let me give one example from a local authority where the opposite happens, my own council of Hammersmith and Fulham. A large part of the reason that we have been able to reduce council tax is that, by repaying £20 million of long-term debt, we have been able to save around £1.7 million each year in debt interest payments. Therefore, it is not just the ability of the gilt market to absorb all of this paper. We need to ask the question: what will the market charge for the borrowing?

Let us think for a moment about some of the potential buyers of that £703 billion of new gilt issuance. As the Leader of the Opposition told us on Wednesday, borrowing in the next two years will be more than was borrowed by every previous Government combined. We are dealing with absolutely huge numbers.

Many have been tempted to assume that foreign investors will take up some of the slack, and on that I wish to turn to the related question of the strength of sterling, which curiously received no attention in the Chancellor's speech—the word "sterling" did not appear at all. Foreign investors may take some of this huge level of new issuance, but it is worth somebody in the Treasury noting that foreign investors have just taken a 20 to 25 per cent. hit on the foreign currency value of their existing gilt holdings just last year—these foreign investors might well be once bitten, twice shy.

Thanks to Labour's economic policies, sterling is already very weak—UK visitors abroad will feel that this summer. Some of the effect will be camouflaged by the move by favourite continental holiday destinations to the euro, but those who, as I do, remember over many years getting 10 French francs or three deutschmarks to the pound would be amazed to learn that they would now receive 7.35 and 2.24 respectively. There are other reasons to be concerned over the future prospects of sterling. One of the consequences of the otherwise welcome recent reductions in UK interest rates is that it is now very easy to short sterling; sterling is very cheap to borrow in the short term. The famous Yen carry trade—borrowing in a low-yielding currency to invest in a high one—can now be done with sterling. The risk with the Yen carry trade was always that the Yen would

appreciate, but it is harder to see that risk occurring with sterling. That is where I see some of the forthcoming risk.

I just wish to mention two or three other things in the short time available. First, I believe it to have been an anti-London Budget. I can tell the House that when I headed back to my constituency on the tube last Wednesday evening, I saw some long, drawn faces in the carriages; anybody who was talking, had only one topic of conversation: how awful the Budget was—that was even true of the Chelsea fans on their way to the stadium. The *Evening Standard* called this

"a budget on a wing and a prayer"

and

"a hugely irresponsible missed opportunity".

Remarkably, given that that was its initial view, its opinion actually hardened over the following days. On Thursday, its conclusion was that

"the capital's taxpayers will bear the brunt of paying off the country's massive debts"

and that

"this 50 per cent. is a tax on London."

Respected commentator Tony Travers implored:

"Don't push London too far or you will kill off your golden goose."

Perhaps the Government have already written off London politically—today's *Standard* reports a 9.5 per cent. swing against Labour since 2005—but they cannot afford to write off the capital economically.

Changing tack completely, I wish to ask the Financial Secretary to the Treasury about bingo, which was also mentioned by the hon. Member for Barnsley, Central. The Financial Secretary told us on Thursday that

"the announcements in the Budget on the taxation of bingo are welcome to the industry."—[*Official Report*, 23 April 2009; Vol. 491, c. 434.]

However, Investec, for one, is calling his raising of bingo duty from 14 to 22 per cent. a "Budget hit" on the industry, as the offsetting cut in VAT is on parts of the industry that may not be subject to VAT in any case. I would be grateful for a clarification of those comments.

To conclude, I wish to take the House back to the start of the current financial crisis in Autumn 2007, when Ministers attacked Northern Rock for having a so-called "flawed business model". We were told that Northern Rock was excessively dependent on the continuation of strong growth in credit, and in the associated strength of the financial and property sectors. It is clear to all of us, 18 months later, that the UK's public finances shared precisely that same weakness. I agree with *The Wall Street Journal*, which said on the day after the Budget:

"'Building Britain's future' is the optimistic title of the UK Government's latest budget. 'Burying Britain's future' would have been more accurate."

This awful Budget can be summarised as follows: we are in the longest recession since world war two; we have the fastest-rising unemployment on record; the economy is shrinking at the fastest rate in 30 years; and we have the worst public finances in the G20. This Government's management of our public finances has been lamentable. They seem to be unwilling or incapable of taking charge, and it is about time that they gave way to others who can and will sort this mess out.

9.44 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): We have had a good debate, on the whole. The backdrop, of course, is the worst crisis in the world economy since the 1930s. The world economy is forecast to shrink this year for the first time since the second world war. No one is under any illusion that this will be easy, but the economy is now benefiting from a great deal of support—the lowest interest rates ever, whereby many people are paying less for their mortgages, and additional support from quantitative easing. Indeed, I agreed with some of the points made by the hon. Member for Poole (Mr. Syms) about the extent of support for the economy and the stimulus measures in the pre-Budget report before Christmas, including the cut to VAT, which several hon. Members mentioned.

I draw the House's attention to a report two weeks ago by Doug McWilliams of the Centre for Business and Economic Research, who used to be described as an adviser to the Conservative party—he may well still be, for all I know—and its headline:

"Credit where credit's due—the VAT cut is working."

The report points out that retail sales have been remarkably resilient, unlike in previous recessions. In his lively speech, the right hon. and learned Member for Rushcliffe (Mr. Clarke) reaffirmed his view that if we are to have a fiscal stimulus, a VAT cut is the one to go for. The report says:

"The figures are clear; the VAT cut is working. There was an immediate boost to the volume of retail sales after the cut was introduced on 1 December."

It goes into some detail about how it reaches that conclusion and estimates the net cost of the VAT cut to the Exchequer, and the likely boost to retail sales, and concludes that the VAT cut is

"good value for the taxpayer".

The VAT cut will continue to work throughout this year. Indeed, as the National Institute for Economic and Social Research has pointed out, the cut's stimulus impact will increase as the date for the return to the original rate approaches at the end of the year.

Support for the UK economy has been co-ordinated with others. We have learned the lesson of the 1930s. Co-ordination then was too little and too late, and the result was a catastrophic depression. Through our presidency of the G20, and this month's London summit, we have ensured co-ordination that is substantial and effective. It has delivered the biggest macro-economic boost that the world has ever seen—across the G20, an additional $5 trillion will be put into the economy by the end of next year, raising output by perhaps 4 per cent. and saving or creating millions of jobs.

The Budget builds on that support. It will give businesses and households the temporary support that they need in the short term, and it reaffirms the Government's commitment to taking action that will support the economy and help it to emerge sooner and stronger from the downturn. The Budget maintains the support that we have already provided, for example, to ease the cash flows of UK businesses, and builds on it in a carefully targeted way.

The Budget is not just about delivering support through the downturn; it starts to look beyond current problems. The next few months will clearly be very difficult, but in preparing the Budget it was very important to ensure that we are in a position to make the most of new opportunities that will come with the recovery.

Mr. Salmond: What is the Financial Secretary's estimate of the fiscal stimulus in 2010?

Mr. Timms: The right hon. Gentleman is right: we are preparing for a consolidation once the upturn is in place. That has to be done. It is right at the moment to support the economy with additional borrowing, as we have repeatedly made clear, through the stimulus measures that I have outlined and through the application of the automatic stabilisers, but beyond that a consolidation will be necessary, and we have set out clearly in the Red Book how we will achieve that and put the public finances on a sustainable track.

At the heart of this year's Budget is our ambition to build for the future. The Budget sets out a framework for major investment in infrastructure to support long-term success in the UK economy, including a £750 million fund to achieve the strategic approach to industry policy announced by Lord Mandelson last week. We have ambitious targets for broadband, which I very much welcome, that look towards the deployment of new higher speed services. There will be investments in further education, transport and funding for housing projects, as well as support for low-carbon energy efficiency referred to by my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry). Those measures will all give an important boost to the economy, protecting thousands of jobs and acting as catalysts for the changes to the economy that we will need in the years ahead.

Mr. Jenkin: How much do the Government now regret massaging their fiscal rules in order to carry on borrowing through the years of growth rather than paying down much more debt during the good years? That is why when an economic downturn came, as might have always been inevitable, the public finances were not better prepared than they are today.

Mr. Timms: Of course, a very strong feature of our position coming into the recession was that the levels of debt and borrowing as a proportion of GDP were the second lowest in the whole of the G7. That was a consequence of the decisions that we took in government. The fact that we had a low level of debt has given us room to manoeuvre that others have not had. It is one of the reasons we are in such a strong position to take the right actions.

Mr. Jenkin: Will the Financial Secretary give way?

Mr. Timms: No, I need to make a little more progress. I will gladly give way later in my speech.

The Budget also focused, in a very difficult time, on ensuring that we live within our means over the next few years. It includes higher tax contributions from the highest earners—the 1 or 2 per cent. who are best able to contribute—which will help return the public finances to balance in the medium term. My right hon. Friend the Member for North Tyneside (Mr. Byers), who, I am glad to say, welcomed a number of aspects of the Budget, strongly opposed that measure. He was right, I think, to accept the principle that those who can afford to do so should contribute more. I would say to him that the world has changed very dramatically over the past 18 months. The economic outlook now is quite unrecognisable from the one that applied two years—or certainly four years—ago. It was absolutely right that in making decisions on this Budget we should have reflected that change.

The hon. Member for Bristol, West (Stephen Williams) asked what the £260 million for the job guarantee scheme would buy. The answer is 70,000 extra training places, the cost of training allowances to support young people while they learn, and recruitment subsidies attached to young people as they join their new employer. He will recognise that in previous recessions thousands of young people have been allowed to become detached from the prospect of work, with devastating economic and social consequences. We announced an overall package of £1.2 billion that will mean that from next January every 18 to 24-year-old who has been claiming jobseeker's allowance for 12 months will be offered at least six months of activity—a job, a work placement or work-related skills training. We will provide funding for local authorities and voluntary sector organisations to take forward the creation of 100,000 new jobs in socially useful activities, 10 per cent. of which will be green jobs.

The guarantee will also offer new training courses and community work placements. Specifically, the "care first" initiative will offer 50,000 traineeships for young people in the care sector. Providers will receive a subsidy for sustained employment and training for young people who have been out of work for 12 months, giving them the skills and experience they need for a career in that growing sector. We are determined to ensure that we do not repeat the mistakes of the Tory years, when, twice round, a generation of young people was left and abandoned to become completely detached from the labour market. We are still dealing with the problems that resulted from that neglect. We are putting that right with the guarantee that is in place.

Mr. Graham Stuart: There are more NEETs now than there were in 1997. I want to press the Financial Secretary not on his tax on the rich, which he likes to emphasise, but on the taxes that are falling on those on normal incomes, such as the increased national insurance payments for those earning just £20,000 a year. May I also press him on bingo? Will he answer the question that he was asked? Some £105 million more will come from bingo players over the next three years—how much of that is offset by the VAT reduction?

Mr. Timms: I am delighted to respond to both the hon. Gentleman's points. First, he is not taking into account the increase in personal allowance for income tax, which has led to a tax cut for basic rate taxpayers of £145 this year. If he compares this year with a couple of years ago, he will see that that more than offsets the increase in national insurance to which he refers. Secondly, as well as the change in bingo duty to which the hon. Gentleman referred, the Budget removes VAT on participation fees. That reduces the overall rate of tax on bingo from 25 to 22 per cent., thus providing support.

As we heard in the debate, one of the biggest obstacles facing UK businesses is lack of accessible credit. The initiatives we have put in place over the past six months to improve the availability of finance to credit-worthy businesses are delivering, as the right hon. and learned Member for Rushcliffe, the shadow Business Secretary acknowledged—I think his phrase was "beginning to deliver".

We have introduced a range of measures to support cash flow and capital. The HMRC business payment support service allows businesses to spread tax payments over a period they can afford. Last week, I spoke to the executive chairman of one medium-sized chemicals

business; he told me that the service was "brilliant". His worry was that it was about to be withdrawn, but I reassured him that it certainly was not. In fact, we extended it in the Budget so that companies can offset expected future losses against tax bills due now on past profits. In the five months to 19 April, the service had taken 175,000 calls and agreed 112,000 time-to-pay arrangements for the deferral of tax worth almost £2 billion with more than 100,000 businesses collectively employing more than 600,000 people. We are providing the support the economy needs.

The debate has made clear once again the utter vacuity of the Conservatives' position, which is that it is a bad thing there are problems in the economy—what to do about it, however, not a clue. Last month, we were told that their No. 1 priority—I think it is still their only firm commitment on tax—was to raise the inheritance tax threshold to £1 million, or £2 million for a couple. That would be an average tax cut of £200,000 for just 3,000 of the richest estates, giving no benefit at all to the remaining 96 per cent: a tax cut not just for the few, but for the infinitesimal few. That is the Conservatives' only firm commitment on tax. Beyond that, the public have been told absolutely nothing.

Where would the £5 billion spending cuts this year fall? There is not a word from those on the Opposition Benches. Would levels of spending, tax and borrowing under the Conservatives be more or less than those set out in the Red Book? We have no idea at all. Is it that they do not know, or just that they will not say? Whichever it is, the time has now come for them to level with the British people and to recognise that their do nothing approach to the economic downturn would, if put into effect, have catastrophic consequences, just as it did when they applied it in the '80s and '90s.

We are certainly in the grip of the worst global economic conditions for decades. Developed economies everywhere are seeing dramatically reduced growth, lower levels of trade and investment, and unemployment on the rise. The Government will not sit back and do nothing. We will take the action that is needed to secure financial stability, to safeguard jobs and to rebuild growth. We are determined to help businesses and households through these difficult times. The Budget provided the right foundation for the future—supporting households and businesses through the recession, putting in place additional targeted help to provide the support businesses need at this particularly difficult time, returning the public finances to balance in the medium term, setting out the measures and the trajectory that will secure that objective, and preparing to make the most of the new opportunities ahead. I commend the Budget to the House.

Ordered, That the debate be now adjourned.—*(Ms Diana R. Johnson.)*

Debate to be resumed tomorrow.

Business without Debate

DRAFT BRIBERY BILL (JOINT COMMITTEE)

Resolved,

That this House concurs with the Lords Message of 30 March, that it is expedient that a Joint Committee of Lords and Commons be appointed to consider and report on any draft Bribery Bill presented to both Houses.

Ordered,

That a Select Committee of twelve Members be appointed to join with the Committee appointed by the Lords to consider the draft Bribery Bill (Cm 7570).

That the Committee should report by 21 July 2009.

That the Committee shall have power—

(i) to send for persons, papers and records;

(ii) to sit notwithstanding any adjournment of the House;

(iii) to report from time to time;

(iv) to appoint specialist advisers;

(v) to adjourn from place to place within the United Kingdom; and

That Mr David S. Borrow, Mr Alistair Carmichael, Mr Geoffrey Cox, Mary Creagh, Mr Jonathan Djanogly, Mr Bruce George, Linda Gilroy, Dr Brian Iddon, Martin Linton, Mr Virendra Sharma, Dr Desmond Turner and Jeremy Wright be members of the Committee.—*(Ms Diana R. Johnson.)*

Pedestrian Crossing Installations

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Diana R. Johnson.)*

10 pm

Mr. Oliver Letwin (West Dorset) (Con): To explain why I sought to secure this debate about the rather recondite subject of the Highways Agency and its costs in relation to pedestrian crossings, it might help if I begin with several tales from my constituency experience of the agency's activities. Before I do even that, however, I should explain, although I am sure that the Minister is already aware of it, that while the agency is mainly preoccupied by running motorways across the length and breadth of our country, it also happens to run the A31/A35, which passes through my constituency. That is not a motorway; indeed, for most of its length in my constituency, it is an ordinary country road with one lane in each direction. It runs through a number of villages in my constituency in which, the Minister will be unsurprised to hear, there are people dwelling. I shall return to that point in a moment because it is one of which the Highways Agency is largely ignorant.

My first tale comes from some years ago when my constituents wanted to continue to run the Melplash agricultural show. Circumstances necessitated holding the show at a site near the A35. I was preoccupied for some months with trying to persuade the Highways Agency to allow the show to continue. Why did I do so? Because the Highways Agency was extremely concerned about the prospect of its road being used by people to approach the show and then to leave the show at its conclusion. The agency thought it a gross affront to its road that people should use it to go to a local agricultural show.

My second tale is about the A35 Communities Initiative, which is a group of town and parish councils formed to investigate how we could improve the lives of people living in the various villages and towns affected by the A35. After a lot of shoving and heaving over a couple of years, we managed to persuade the Highways Agency—much against its will, I think—to accede to Hyder Consulting conducting a route investigation. After a great deal of negotiation, we managed to get Hyder Consulting to produce a report acknowledging the existence of people along the A35 in my constituency. The report made many recommendations about how the people affected by the A35 could have their lives ameliorated by various measures, including by putting pedestrian crossings at certain places.

Before I get on to pedestrian crossings themselves, I should say that while most—not all, it is true—recommendations in the report, and the whole spirit of the report, were accepted by the Highways Agency, the recommendations have never been implemented. I discern no inclination on the part of the agency ever to implement them, which raises the question of why it bothered to delude us by having the report conducted at considerable public expense.

I turn to the precise question of pedestrian crossings. I became interested in it because in Winterbourne Abbas, a village in my constituency, there is a pedestrian crossing to enable one to cross the road near a school at one end of the village. However, the village is long, and nobody has the funds to build paths all the way along it. In any case, parents emerging from the housing estate where many of the parents and children live would be unable to approach the school on any kind of path that went all the way through the village because of how the road lies, and the way in which it is bisected by other roads.

There is a long-standing desire to have a pedestrian crossing at the other end of the village, where traffic proceeds rather more quickly, and where parents could cross in safety with their children. I began to agitate for a pedestrian crossing at the other end of the village, as any local MP would do. I have never framed my correspondence, but I shall in due course publish my correspondence on the subject, because it would amuse the nation. It took quite a long time to discover why the Highways Agency was so extremely reluctant to play ball with regard to my eminently consensual suggestion that the parish council, and perhaps the district council and others that I could find, would contribute towards the cost of a pedestrian crossing, if only the Highways Agency would tell me how much it would cost to put in place.

It was not until the eighth or ninth round of correspondence that the Highways Agency eventually admitted that, based on another pedestrian crossing that it was building in Chideock in another part of my constituency, the likelihood was that the pedestrian crossing would cost rather more than £110,000. When I discovered that pedestrian crossings are put in place by my county council on identical roads for less than half that sum, and when I looked at other pedestrian crossings up and down the country built by local authorities and found no other body that put in place pedestrian crossings for £110,000, I became suspicious of that figure, so I asked for breakdowns. It took a long time, but eventually I got those breakdowns, and I discovered some very interesting facts, among them the fact that the Highways Agency spends a very large amount of money at the design stage of the pedestrian crossing.

I admit that there are many things in the world that it is complicated to design, but I rather fancy that if the Minister and I sat down together, not long after the end of the debate, we could between us, without huge technical expertise, design a pedestrian crossing. The idea is that there should be a thing crossing a road with some lines on it, and a little post at either side. It is not terribly complicated. At the time, I envisaged—I shall provide evidence that this may not be true—that the Highways Agency had in its possession a personal computer, a modern device that enables one to replicate the design of one pedestrian crossing in another location. A remarkable achievement of the computer is its ability to replicate things quite easily, and not at great expense. I have a strong suspicion that one pedestrian crossing is remarkably similar to another, so I doubt that it really is necessary to spend a lot on design.

I shall not regale the Minister with large numbers of other examples of the absurdity built into the costing. I reported the matter to the National Audit Office, and held discussions with it. I also reported the matter to the Public Accounts Committee. I believe that the NAO is now conducting another of its many inquiries into the Highways Agency. I rather suspect that the fate that will befall this inquiry is that which befell previous inquiries—namely that the Highways Agency was sublimely uninterested in the fact that the NAO has repeatedly shown that the agency is grossly financially incompetent and ineffective. That is not a partisan remark; it appears to have been the case for many years.

I want to return to the subject of human beings. It was not until recently that I really began to understand the Highways Agency's management of the A35. That comes about as a result of the remarkable example of the waste management site at Gore Cross, proposed by the county council. I do not for a moment expect the Minister to have the slightest idea about Gore Cross, unless someone has briefed him very thoroughly. It is a location at the end of St. Andrew's road in Bridport. The Minister is incredibly well-briefed; he is nodding. He clearly knows about Gore Cross. That is the site proposed by the county council for a waste transfer station much needed in West Dorset. Great expense is being incurred as a result of there not being a waste transfer station in the locality of Bridport.

This is rather a long-running issue; it has been going on for about 13 or 14 years. Repeatedly, the county council and SITA, the contractor, have attempted to establish a waste transfer site in one place or another that is quite evidently impossible. I was responsible in part for making sure that they did not put it on a place that was, among other things, an area of outstanding natural beauty, very close to a site of special scientific interest, an environmentally sensitive area and, while we are at it, on a world heritage coastline.

Once the county council and SITA had been persuaded that the location was not ideal, they began to prospect for other locations. There is a universal view, as far as I can make out, among the people—I stress the word again—living in Bridport that it would be nifty if the waste transfer site were not in the midst of the population, but were by the main road. But this is not the proposition. The proposition is that the waste transfer station should be at the end of a road which is highly populated with parents, children and shoppers. The road has a Co-op and is about to get a Lidl shop on it. It has a school close by, and there are many residences.

Why, one may ask, is the county council attempting to put a waste transfer site in a place to which everyone in the locality objects, when it could quite easily be put at various points along the main road? Answer: the Highways Agency. Why? Because the Highways Agency is unique among public bodies, it seems, in having powers of direction, so that if a planning application is made and the Highways Agency says nay, that's it. No further discussion. It is not like other statutory consultees. It does not take a view; it can direct.

So the county council lives in mortal terror of the Highways Agency, and instead of investigating where the waste transfer station could be located that would suit the people of Bridport, the county council has investigated the much more salient question, from its point of view, of where the waste transfer site could be located that would suit the Highways Agency. The Highways Agency has a strong principle, which is that it would not have a waste transfer site anywhere on its road because it did not want people using its road. It did not want people going into its road or coming off its road. In fact, its concept is of taking cars from one end of the country to the other and hoping that no people will get on to it and sully the beauty of its road.

The Highways Agency therefore made it clear to the county council that it would object to, and hence stop, any proposal to have the waste transfer station on its road. I assumed that it must also have done some work, because it is the body that spends thousands of pounds designing pedestrian crossings. One would expect that it had done some studies of the effects of putting the waste transfer site on the road or in the midst of the population. However, it has recently come to light—this I find astonishing—that through the 11, 12 or 13 years of its objections to having the waste transfer site put on or next to its road, the Highways Agency has never conducted a study of the effects of putting it in different places.

When a study was done, not by the Highways Agency, but by the local residents using Google Earth, another device unknown to the Highways Agency, and a population gravity study, unknown to the Highways Agency, it transpired that in all probability putting the waste transfer site at the end of St. Andrew's road, where people do not want it, will impose more strain on the roundabout which is the single most strained element of the A35 in my constituency, than if it were put on the main road—a fact unknown to the Highways Agency because it had never done the work. It did not feel that it needed to do the work, perhaps partly because of the same cause as the problem with designing pedestrian crossings.

Perhaps the Highways Agency does not possess a computer. Perhaps it does not know anything about Google Earth. Perhaps it does not have the capacity to do such studies. I do not know. Whether it has the capacity or not, it did not feel the need to think about the subject. Why not? Because it has the power of direction.

The tale that I am presenting to the Minister through this tiny microcosm of my constituency is this: here is a very large and expensive body that may or may not be very good at running motorways—I do not know; I have nothing to do with motorways—but that is no good whatsoever at running the A35, which is a road that has to do with human beings. The Highways Agency is no good at running the road because it cannot, at reasonable cost, do things that are needed for those human beings, it does not make studies that are necessary to determine how to deal with those human beings, it does not recognise the existence of those human beings and is not interested in them, and it does not have the technical competence to do things which it ought to do before it takes views that lead to years and years of public expenditure and public distress.

Amusing as the tale is, in the end it is disgraceful. That is not how public administration should be in the United Kingdom. I am sure it is not what the Minister wants, and I cannot believe that it is what the Highways Agency itself would like to see. So it seems clear that we need a thorough investigation of why the Highways Agency is so very bad at running such a road, and what is to be done about it.

10.15 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I congratulate the right hon. Member for West Dorset (Mr. Letwin) on securing the debate. If the operations of the Highways Agency were as pure, clear and precise as he describes them, I would be the first to agree that the situation is totally unacceptable. I accept, however, that we need to be ever vigilant about how we can improve matters and about efficiency, as hon. and right hon. Members would rightly expect us to be. Indeed, the notes before me about pedestrian crossing installations and Highways Agency costs recognise the great interest that the right hon. Gentleman has taken in that work.

[Paul Clark]

By way of dealing with a number of points that have been raised about costs, design and the process, I shall gently point out the role of the Highways Agency in covering roads such as the A35. Many strategic roads involve communities that have ended up becoming divided over time, and that is true of some of the communities that the right hon. Gentleman represents. They have been divided by higher volumes of traffic and by heavy goods vehicles, which have developed even more so. The Highways Agency is aware of the severance issues and, by working with local stakeholders, is genuinely seeking solutions to improve the lives and well-being of the inhabitants of those towns and villages.

I shall come to the specifics of the undoubted delay to one scheme that the utilisation programme identified. However, since 2005, the agency has installed on average six crossings a year, and it has a programme to deliver a similar number this year. When determining the location of such facilities, the agency must be mindful of many impacts, but of delays and increased congestion on the strategic road network in particular. Any increase in journey times can add significant costs to road users and adversely affect the country's economic competitiveness and growth.

The need to reduce transport's emissions of carbon dioxide and other greenhouse gases must be considered at the same time. There have been several proposals on the A35 in the right hon. Gentleman's constituency—at Winterbourne Abbas, as he said, and at Chideock. A route management study for the A30 and A35 which the agency produced was undertaken to see the exact problems that pedestrians in those villages and along those routes experience. As I am sure he is aware, the agency has worked closely with local parish councils and other stakeholders to find solutions.

There have been substantial exchanges of correspondence about Chideock, some of which I have seen. Perhaps I shall publish it, too. As I said at the outset, I accept that work, particularly on the Chideock scheme, has been slower than planned. The agency and the Department for Transport recognise that. However, the agency is seeking to resolve a number of land acquisition issues that are preventing the scheme from progressing, and, additionally, I assure the right hon. Gentleman that an environmental study on the impact of the proposed crossing will be completed by May.

The agency in the south-west region has confirmed to me—of course, in preparing for this debate I wanted all the facts—that the installation of a crossing at Chideock is included in its delivery programme for 2009-10. I am sure that that will be welcomed by many of the residents whom the right hon. Gentleman represents. However, delivery this year is subject to the resolution of the land issues, which will probably require a compulsory purchase order. I am told that that will definitely be published in June. Should a public inquiry be necessary in response to the compulsory purchase order, that would add further delay, but I sincerely hope that all concerned, including the right hon. Gentleman, will help this process by trying as far as possible to ensure that the compulsory purchase order proceeds—although the order may not have been anticipated at the time of the agency's director writing to the right hon. Gentleman.

Of the other road crossings that are proposed in the four-year programme, three are to be installed along the A35 within or near the right hon. Gentleman's constituency: Honiton and the villages of Winterbourne Abbas and Morcombelake will also benefit from new pedestrian facilities. The scheme at Honiton is in the 2009-10 programme, with Winterbourne Abbas and Morcombelake planned to follow in 2011-12.

Let me turn to costs, which are extremely relevant and important to the points that the right hon. Gentleman has raised. In 2008, the National Audit Office carried out a review of the costs of pedestrian crossing facilities installed by the Highways Agency, and the agency provided a full contribution to the report. It is my understanding that the NAO's report has not been published and is not in the public domain. The agency gave details of 23 crossings that have been installed since 2006, of which a small number—I think four—were selected by the NAO for closer scrutiny. The agency fully recognises that the costs of installing pedestrian crossings on the strategic road network will inevitably be more than on local authority roads or less busy roads.

Mr. Letwin: I am grateful to the Minister for what he says about the crossings at Winterbourne Abbas and Morcombelake, which are both newsworthy locally. However, I do not understand his last point. Why is an ordinary road with two lanes that is owned by the Highways Agency inevitably more expensive to cross than a road that happens to be run by a county council? Neither he nor I would be able to see any difference between those two roads, so what is the mysterious thing that happens when a road is owned by the Highways Agency that means that the cost doubles?

Paul Clark: Let me pick up on those points. The Highways Agency has to meet certain requirements. Some of the crossings that it would install are not as described in the story that appeared in *The Daily Telegraph*, which refers to putting a zebra crossing outside the school in Winterbourne Abbas. The right hon. Gentleman referred to mind-boggling costs but, as he will be well aware, we are not talking about a zebra crossing with cans of black and white paint and some sticks with lights on them. The agency is required to install crossings that meet the requirements of roads that, for example, have higher volumes of traffic and heavy goods vehicles on them. That is for the safety of those crossing the road—his constituents—as well for the safety of those who are travelling along that road.

Mr. Letwin: I am grateful to the Minister for giving way again, because this process may be more productive than simply exchanging speeches. As far as I can make out, having inquired into this matter quite precisely, the pelican crossings—they are controlled crossings, not zebra crossings—installed by the county council on roads in Dorset, and in Somerset and Devon, are so identical to the pelican crossings installed by the Highways Agency that I venture to suggest that if he and I went on a tour, neither of us would be able to see any difference between them. I say that because I have been on such a tour: if necessary, I will produce for him photographs that will, I think, satisfy him that there is no observable difference.

Paul Clark: I understand the right hon. Gentleman's point, but almost no two crossings will involve exactly the same costs. *[Interruption.]* Well, they will not. I

understand that it makes good copy to talk about designs on a computer that can be copied, and of course the designs are the same in basis. However, in the case of one of the crossings to which I have referred, for example, we have run into problems of land purchasing and compulsory purchase orders, which add to the cost. In addition, the work on a given area of road varies, for instance in the use of sensors, the distances involved and the depth of the anti-skid provision required. Those things add to the cost when compared with putting in such crossings on more minor roads.

It could well be that part of the strategic network that the Highways Agency has to deal with requires work at night and far more robust traffic management procedures while the work is being carried out. It has to be recognised that there are a range of issues that add to the costs to the Highways Agency of putting in place crossings on the strategic road network. I mentioned the depth of the anti-skid provision, but we must remember also that more signals need to be provided on parts of the strategic road network than on other roads. I believe that these facts were made clear in submissions to the NAO, and when it picked out a number of schemes that were being delivered by the Highways Agency it found a range of costs. If I recall correctly, they ran from approximately £80,000 to some £200,000 because of complications with given schemes.

As I have indicated, although we use the generic term "pedestrian crossing", there are different types of crossing. We have discussed puffin signal-controlled crossings and toucan crossings for the use of pedestrians and cyclists, and those types are more suited to the strategic network than other crossings that might be used elsewhere. We need to compare like with like.

Value for money is as important to the Highways Agency as it is to right hon. and hon. Members. When a site has been assessed and it is determined that a crossing should be provided, the agency has in place a range of internal controls and processes to check value for money. Indeed, a managing agent contractor generally undertakes the design and construction of Highways Agency crossings. The rates used to inform the target costs for such schemes are secured through competitive tendering. There is then the agency's value management process, which balances a scheme's benefits, such as accessibility, possible accident prevention and mobility within communities—I am thinking particularly of what the right hon. Gentleman's constituents gain—against its disbenefits, which I recorded earlier, such as journey times and delays that it may cause to traffic.

Returning to the NAO review, I am informed that a comparison may have been made of the Highways Agency's costs and those of local authority-installed crossings. The agency's roads are heavily trafficked, and hence on average more expensive to work on than local authority roads, so comparisons of the costs of those road operators could be misleading.

If the right hon. Gentleman has evidence, I ask him to bring it forward to us. I hope that he will recognise that there are differences between crossings. The ones in question are not simple, straightforward crossings on slow-moving roads. They are on the strategic network, and I hope that he will take the opportunity to welcome the decision that the crossing in Chideock will go ahead. We are moving forward on that, the Highways Agency is working and—

10.30 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Tuesday 28 April 2009

The House met at half-past Two o'clock

PRAYERS

[Mr. SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Credit Unions

1. **Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): What steps he is taking to assist credit unions during the economic downturn. [271126]

The Economic Secretary to the Treasury (Ian Pearson): The Government strongly support credit unions and have announced in the Budget an extra £18.75 million for the growth fund, bringing the total to almost £100 million. The extra funding will allow further assistance through accessible, affordable loans to be made by credit unions and community development financial institutions in addition to the 160,000 loans made so far.

Mrs. Hodgson: The Minister will be aware that I have written to him about my local credit union, Wearside First, which helps thousands of people across Sunderland to save and to access affordable loans. Those people would otherwise, unfortunately, have to use illegal loan sharks, and we all know the road that that would take them down. However, that wonderful credit union is facing closure due to a lack of funding. Will the Minister agree to meet me and representatives of Wearside First to discuss the situation?

Ian Pearson: As my hon. Friend knows, Wearside First is one of the credit unions that is participating in the growth fund, and it has been doing good work. I would be very happy to meet her and a delegation from the credit union to discuss the issues that it faces. Obviously, she will also want to discuss the matter with her local authority—perhaps she has done so already—but I would be very happy to have a conversation with her about this issue.

Mark Pritchard (The Wrekin) (Con): If the Government are serious about helping the poor, why are Ministers allowing some credit unions to charge up to 27 per cent. interest? That is far higher than the rate charged by many leading retail banks. Given the large taxpayer subsidy to which the Minister has just referred, are the Government not complicit in making the poorest in our society suffer?

Ian Pearson: No; I do not accept that. The Government strongly support the credit union movement across Great Britain. There are 532 credit unions, which have two thirds of a million members and somewhere in the region of £500 million-worth of assets. I would have thought that the hon. Gentleman would welcome the extra resources that the Budget has provided to make additional loans available to vulnerable people at very affordable prices. By 2011, an additional 85,000 people will be able to be helped as a result of the actions announced in the Budget last week. That is good news for people who need affordable credit; the credit unions play a tremendously important role in keeping such people away from doorstep lenders and loan sharks. Credit unions should be supported, and that is what the Government are doing.

Mr. James Plaskitt (Warwick and Leamington) (Lab): The extra financial help from the growth fund is extremely welcome and will be of great assistance to many credit unions, but they sometimes need help that does not have a price tag. In some instances, they simply need a place in which to deliver their services in the community. Through the ministerial work that my hon. Friend does with other Departments, will he look into the possibility of using Government buildings such as Jobcentre Plus and Sure Start centres to give credit unions more places where they can deliver their services in the communities in which those services are now greatly needed?

Ian Pearson: My hon. Friend makes a good point. The Government are very interested in examining how we can extend the coverage of credit unions throughout Great Britain—they are already very strong in Northern Ireland, as he is well aware—and considering whether certain premises could be made available. We are also looking into other routes that would ensure the necessary coverage of credit unions in all the most vulnerable neighbourhoods across Great Britain. We will indeed look at the inter-ministerial level at what more can be done.

Greg Mulholland (Leeds, North-West) (LD): My constituent, Tony Massarella from Otley, is an accountant to many credit unions, and is something of an expert on their structure. Along with many credit unions, he is concerned that the Government's approach favours the very large credit unions, when surely the point is to keep them close to the very communities that the Minister says they should serve. Will the Minister assure me and Mr. Massarella that the Government do not believe in a "biggest is best" approach to credit unions?

Ian Pearson: As a Government, we want to see a range of credit unions and, in recent years, we have worked very closely with the credit union movement. The hon. Gentleman will probably be aware of the legislative reform order that we have consulted on, which we hope to launch before the summer. He might also be aware of the Co-operative and Community Benefit Societies and Credit Unions Bill introduced by my right hon. Friend the Member for Croydon, North (Malcolm Wicks), which we discussed in Parliament

last Friday. It provides for further changes to support the modernisation of the credit union movement. However, that should not be taken to mean that we want to see overwhelmingly big credit unions. We want to see a range of credit unions performing a range of functions that will benefit people in local communities and local organisations.

Mr. Jim Devine (Livingston) (Lab): I know that my hon. Friend will want to join me in congratulating the Livingston credit union, which is opening a new office in Livingston on Friday. Does he share my concern, however, that the Scottish National party Government have abolished the £3.5 million ring-fenced funding that was set up to establish and develop credit unions in Scotland?

Ian Pearson: I certainly welcome the opening of Livingston credit union's new office. Credit unions are as important in Scotland as they are in the rest of the United Kingdom. Obviously it is a matter for the Scottish Administration where they put their resources, but I would like to think that they would want to support the credit union movement, just as we have done through last week's Budget.

Government Infrastructure Investment

2. **Norman Baker** (Lewes) (LD): Pursuant to the written ministerial statement of 3 March 2009, *Official Report*, columns 47-8WS, on Government infrastructure investment, what assessment he has made of the implications of Government policy for the private finance initiative funding provided for the extension to the waste contract let by East Sussex county council and Brighton and Hove council. [271127]

The Exchequer Secretary to the Treasury (Angela Eagle): There are no such implications. The announcement made on 3 March is targeted at PFI projects that have not yet reached financial close. This particular project reached financial close in 2003.

Norman Baker: I thank the Minister for that, but is she aware that the European Commission has indicated that it is minded to uphold my complaint against East Sussex county council for failing to follow public procurement rules in respect of a contract extension that has recently been undertaken, for which PFI funds have been made available? Can she assure the House that East Sussex county council sought specific approval from the Treasury before entering into the contract extension in order to confirm that the terms of the original PFI award were not breached and that all obligations in respect of public procurement have been properly discharged?

Angela Eagle: My understanding is that, as the extension required no further PFI credits or further money from Her Majesty's Treasury, those decisions were a matter for the local authorities concerned.

Kelvin Hopkins (Luton, North) (Lab) *rose—*

Mr. Speaker: I am usually happy to call the hon. Gentleman, but Brighton and Hove is a good train journey to the south of Luton, is it not?

Lending to Business

3. **Dr. Nick Palmer** (Broxtowe) (Lab): What recent assessment he has made of the trends in lending by UK banks to businesses. [271128]

The Chancellor of the Exchequer (Mr. Alistair Darling): The Bank of England published a new report on lending just last week. It suggests that some lenders expect the overall availability of credit to the corporate sector to improve over the coming months.

Dr. Palmer: We also have the impression locally that the position is improving somewhat, but does the Chancellor agree that public support for the rescue of the banks is very much conditional on the banks' willingness to support the rest of the economy? Will he be doing all he can to ensure that our colleagues in the newly nationalised banks are aware of that public feeling?

Mr. Darling: I agree with my hon. Friend; the reason why we decided to intervene to restructure and rebuild the banking sector was the need to ensure that credit keeps flowing—that is vital for business. RBS will lend an additional £25 billion this year and next, the Lloyds group an additional £14 billion this year and next, and the figure for Northern Rock will be about £5 billion, which mainly relates to mortgages. Even the banks in which we do not have a stake have benefited from the support that we have given: HSBC has said that it will lend another £15 billion, while Barclays will lend another £11 billion this year. That money will be made available—although obviously it is important that we do everything that we can to ensure that credit keeps flowing—and will complement the measures that I announced in the Budget last week that are specifically designed to help businesses.

Dr. Vincent Cable (Twickenham) (LD): Why is the Chancellor proposing to sell the good parts of Northern Rock this year when under current market conditions that would almost certainly guarantee a very large loss, rather than wait for market conditions to improve and get better value for money for the taxpayer?

Mr. Darling: I assume that the hon. Gentleman is referring to the reports that I have seen in the newspapers over the past few days. I have always been clear that my objective, once we get through this, is to return those banks to the private sector, because I do not believe that the Government ought to be in the business of running banks in the long term—I think that he agrees with that view. The question is when we should sell those banks back to the private sector. The answer will be determined by what represents the best value for money for the taxpayer, so I am in no hurry to do so. It is far better that we ensure that when we sell we are satisfied that what we are getting represents the best possible deal. I can tell the hon. Gentleman that it is not something that I would rush into; I want to ensure that we get a good price for the assets that we have.

Ms Dari Taylor (Stockton, South) (Lab): The chemical process industry in my constituency makes the point that although excellent investment is available for research,

very little investment is available for projects that are being made ready for market. What are the Government doing about that?

Mr. Darling: I agree with my hon. Friend that it is important that we support research. She will know that through the research and development tax credits we have done a great deal in this country, particularly in those areas that are very dependent on research. She is also right to say that we need to ensure that, having got the research worked up, we can then convert it into something that is ready to go into the market. That is why, for example, we have put more money into the Technology Strategy Board, which helps to develop such products. We have also made sure that there is a range of measures available to help with funding. My hon. Friend is right to identify the problem, which is shared by many countries. It is right to try to address it in every possible way, because we are very good at inventing and innovating in this country. The key is to convert that into products that can be sold in the marketplace.

Sir Peter Tapsell (Louth and Horncastle) (Con): Does the Chancellor agree that the objective of the announced programme of quantitative easing is to increase and facilitate lending by banks to businesses? The Bank of England has warned against another fiscal stimulus, so why is it proceeding with QE in such a half-hearted manner that it has actually raised the yields on gilts? It was also very slow to lower interest rates on the eve of the crisis. Would not Montagu Norman be proud of them?

Mr. Darling: I will leave that discussion for another day. The Bank of England has authority to put money into the economy to kick-start credit, and it has agreed to spend £75 billion. Part of that will involve buying commercial paper to help ease lending conditions between companies, but it takes time to build up that activity. The Bank has operational independence for doing that; although, obviously, I had to authorise the operations in the first place, the Bank decides when and where to intervene. I know that the Governor is very aware of the fact that, as part of the process of putting money into the economy and getting credit going, he must ensure that he helps the commercial sector. I know that he is looking at various measures to help him to do that, and he set all that out when he last appeared before the Treasury Committee.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Does my right hon. Friend agree that the flow of bank lending to smaller companies would be considerably improved if banks would stop imposing impossible conditions? I refer specifically to those banks that want personal guarantees from owners and directors who are applying under loan guarantee schemes that will be met in default by Government. Is it not wrong that when the Government are doing all that they can to improve the flow of money to small businesses, banks are impeding that flow by making the loans conditional on personal guarantees?

Mr. Darling: My hon. Friend is right: the Government are doing a great deal to help to increase the amount of money available to small businesses, and over the past few months some 2,000 businesses have been offered some £240 million of additional lending. Other measures are in place. Banks need to be reasonable with their customers and balance the need to ensure that they do not repeat the mistakes made over the past few years—when credit was given with too few questions asked and not enough security—with avoiding the situation in which conditions are so restrictive that the schemes do not actually work. A degree of common sense is required. It is important that we do everything that we can to get credit going, because it is an essential precondition to recovery, and that is why we decided to intervene to support the banking sector.

Stewart Hosie (Dundee, East) (SNP): Although the base rate is only 0.5 per cent., the real cost of borrowing for business is much higher. The banks put that down to a combination of the LIBOR rate, the requirement to strengthen balance sheets and, to some extent, the cost of the various Government insurance guarantee and asset protection schemes. Given that the cost of the latter is within the Government's control, is the Chancellor prepared to look again at the pricing policy for the insurance guarantee and protection schemes to determine whether a change might bring down the cost of money to the banks and therefore lower the cost of borrowing for business?

Mr. Darling: The hon. Gentleman raises an important point. The Government have put in place substantial schemes to deal with the problems of assets for which there is no market, or where prices have fallen, that were restricting the ability of the banks to lend. The Government have also made available funds through the special liquidity scheme and other measures. However, we have to make a charge for doing that, and we must also ensure that there is some discount, so that it is not just seen as a free good. The obvious other side is the need to ensure value for the taxpayer.

I think that one reason why the IMF withdrew its initial calculations when it tried to calculate our potential liabilities was that it had not quite realised that we had made provision against debts or provisions that might go bad. I have always made it clear that there is a fee to be charged and a price to be paid, because the banks cannot expect to receive this as a free good. Obviously, I will keep all these things under review, because my primary objective is to ensure that we get credit flowing through the economy again, and the banking system is essential to that. I appreciate the hon. Gentleman's general point about what businesses pay. We will do everything we can to try to keep that price as low as possible, but I have to have regard to the general security of the taxpayer's position.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the progress made on new lending, but is my right hon. Friend aware that some banks, including those of the Lloyds group in my constituency, are taking a punitive approach towards some existing loans? That has included telling one local business that it should mothball a housing development. Will my right hon. Friend say how the Treasury will use its leverage with the banks with which it has holdings to ensure that they do not take such a punitive approach towards existing borrowers and that they continue with the loan arrangements that have already been made?

Mr. Darling: As I think that I have said on a number of occasions, we cannot second-guess the judgment of every bank manager on every customer. However, we say to the banks that we have made substantial support available and that we want to see that support translated into support for businesses. I would be very happy to look at the case that my hon. Friend raises—obviously, I have no knowledge of it, so I cannot possibly comment on it. It is important, as I said to my hon. Friend the Member for Wolverhampton, North-East (Mr. Purchase) earlier, that we should ensure that there are funds available but that there has to be a degree of judgment in each individual case about whether the loan is a good prospect and about whether it can be repaid. We do not want to get into the very problems that brought about this situation in the first place, where loans were given without enough questions being asked and with disastrous consequences for the banks and for the wider economy here and across the world.

Mr. Mark Hoban (Fareham) (Con): The Chancellor is being complacent about the flow of credit into the economy. The enterprise finance guarantee scheme is under fire from businesses up and down the country. The working capital scheme started a month late, with only RBS signed up to it. In the Budget, after months of pressure, the Chancellor finally announced the trade credit insurance top-up scheme. Did the British Retail Consortium not sum up the Government's attempt to get credit flowing again when it said that the trade credit insurance scheme was "too little too late"? While the Government have dithered, the help that they have offered has come too late for many businesses and their employees.

Mr. Darling: I would say that the support that we have made available to the banking system is fully justified. It was necessary—as I said, it is a necessary precondition of recovery. We have also put in place a number of measures: the hon. Gentleman mentioned the enterprise finance guarantee scheme, which is helping 2,000 businesses. We now have support for exporters and other measures of support, too.

I hope that when the hon. Gentleman spoke to the BRC he pointed out what would have happened had he had his way, as he was against every single one of the measures. I am always interested to hear his concern about what we are doing, but he ought at least to stand up and say, "By the way, I would not have done any of these things", as his Leader of the Opposition made clear at the weekend.

Government Shareholdings

4. **Sir Peter Viggers** (Gosport) (Con): How much financial obligation the Government have undertaken as a consequence of taking shareholdings in banks and building societies. [271129]

The Financial Secretary to the Treasury (Mr. Stephen Timms): The Government have to date invested £37 billion in Lloyds and RBS. The Budget estimated that the one-off long-run fiscal impact of all the interventions to ensure stability in the financial system will be between 1.5 and 3.5 per cent. of gross domestic product.

Sir Peter Viggers: If the Prime Minister can express anger that the Royal Bank of Scotland should make an acquisition without fully understanding the extent of the commitments that it was taking on, how much more angry should we be that the Government have taken on commitments and made investments in banks without knowing, even now, the full extent on the taxpayer's behalf?

Mr. Timms: I am not quite sure what the hon. Gentleman is saying. The implication is that we should not have stepped in to save the financial system from collapse because of the uncertainty to which he refers. The cost of doing nothing would have been far, far greater. We took decisive action. We acted quickly and we saved the system from collapse; indeed, in the debate yesterday, the shadow Business Secretary recognised that those steps were right.

Mr. David Kidney (Stafford) (Lab): One of the many damaging aspects of the greed and recklessness of the bankers is that markets do not know the extent of the losses that they made in deals. In cases where the British taxpayer now has a stake in banks, are we getting to the bottom of those losses so that we can start to restore confidence in markets?

Mr. Timms: Yes, we are. A great deal of detailed work is going on at the moment to negotiate the specific terms for participation in the asset protection scheme. My hon. Friend is right; in particular, the future valuation of assets is very difficult, but I know that he will agree that the cost of not acting would have been far greater than what we have done.

Mr. John Redwood (Wokingham) (Con): Is there any limit to the amount of financial risk and debt that the Government should assume? Can the right hon. Gentleman tell us if they are using any prudential rule at all to stop us heading towards national bankruptcy?

Mr. Timms: The right hon. Gentleman will have seen what my right hon. Friend the Chancellor said in the Budget about returning the public finances to balance by 2017. He will also have seen the estimate I have mentioned already that the overall cost of all the interventions we have set out in the Budget will be between 1.5 and 3.5 per cent. of gross domestic product. It was absolutely vital that we took those measures.

David Taylor (North-West Leicestershire) (Lab/Co-op): A moment or two ago, our right hon. Friend the Chancellor confirmed the Government's intent to return state-owned banks to the private sector as soon as it was expedient so to do. Does my right hon. Friend the Minister agree that the problems of organisations such as Northern Rock and Bradford & Bingley started with demutualisation back in the '80s, and would it not be a good idea, rather than just floating those two organisations back into the private sector without wider consideration, to consider remutualisation of at least part of their business, as at the moment that model has greater attraction and confidence among the wider community than does traditional banking?

Mr. Timms: That must be a matter for the management and shareholders of those organisations. *[Interruption.]* I would say to my hon. Friend that we certainly need to learn lessons in regulation from what went wrong in the

past, and Lord Turner's report has been valuable in that regard. We need to make some changes, and we need to agree them internationally, to avoid repeats of those mistakes. In particular, we need to avoid the calls of those who, over many years, wanted minimal regulation of the financial sector.

Mr. Mark Field (Cities of London and Westminster) (Con): Although I appreciate that the Treasury is reluctant to commit to any timetable about divesting its interest in the banks, how will we all know when the financial system has been fixed?

Mr. Timms: What we are looking for is a restoration of the flow of credit, in particular to mortgage borrowers and to businesses. We are some way from that position yet, but as my right hon. Friend the Chancellor mentioned, the Bank of England is now publishing a monthly report on trends in lending. We shall be scrutinising those reports carefully, as I am sure will the hon. Gentleman. We want to see the flow of credit go back to normal.

Fiscal Framework

5. **John Howell** (Henley) (Con): What his plans are for the future of the Government's fiscal rules. [271130]

The Chief Secretary to the Treasury (Yvette Cooper): The pre-Budget report set out the Government's approach to the fiscal framework as a result of the recession and the global credit crunch. That approach has continued as part of the Budget.

John Howell: Given that the Government's fiscal framework has been shown to be pure fantasy, why should we have confidence in any fiscal framework that the right hon. Lady wants to put in place for the future? Will she adopt our policy for an office of Budget responsibility?

Yvette Cooper: If that is the hon. Gentleman's only proposal—to create a quango—I do not think that it will create a proper approach to the fiscal framework. We all know that the global credit crunch and the worldwide recession are affecting the public finances, and they are affecting revenues from the City and from other sectors, too, but the right thing to do is to support the economy through the downturn, to invest so that we can bring borrowing back down because the economy is growing, which will obviously save us more in the long run.

Mr. Speaker: I call Kelvin Hopkins.

Hon. Members: This time!

Kelvin Hopkins (Luton, North) (Lab): My right hon. Friend has wisely relaxed the rule on public borrowing—*[Interruption.]* Necessarily so. Would it not now be sensible to abandon entirely any future private finance initiatives, given that they were apparently justified on the basis of restraining public borrowing? Would that not be a sensible time to start to bring PFI services back in-house and to look at ways to bring all PFI schemes back into the public sector, which would save billions of pounds for the public purse over the next 30 years?

Yvette Cooper: The PFI schemes that were introduced have improved timeliness and cost-effectiveness in many cases. There is still interest in putting private sector equity into such projects, but there are difficulties with private sector debt due to the condition of the credit markets. That is why we are providing additional support to ensure that the PFI projects that are close to closure can go ahead.

Mr. Richard Spring (West Suffolk) (Con): How many times have the time spans of the so-called golden rule and the sustainable involvement rule changed in the past 10 years?

Yvette Cooper: We made it clear as part of the pre-Budget report that we are not following the previous fiscal rules at the moment. It would not be appropriate to do so now because, for the first time since the second world war, the entire world's economy is shrinking, which we did not expect even 12 months ago. That is having an impact on the public finances, which is why all countries throughout the world are increasing support for their economies. No country would support such a tight approach or cutting public spending during a recession, as the hon. Gentleman's party advocates.

Government Borrowing

6. **Andrew Selous** (South-West Bedfordshire) (Con): What assessment he has made of the level of UK Government borrowing compared with those in other OECD economies. [271131]

The Chancellor of the Exchequer (Mr. Alistair Darling): I set out my forecast last week.

Andrew Selous: Is it because the IMF thinks that Britain's deficit next year will be worse than Japan's and America's that one of the Chancellor's senior Cabinet colleagues apparently believes that going to the IMF would be like getting well-being care or even going to a spa to recuperate?

Mr. Darling: I do not visit spas or well-being clinics, so there we are.

The hon. Gentleman has to realise that we and every other country in the world face the problem that something that started in the banking sector has led to a real global banking crisis, and that that has now spread into the wider economy. We can see the consequences of that: world trade has fallen—for example, exports from Japan are down by almost 50 per cent. That has had severe consequences for borrowing in not just our country but others. The question is what we do in the face of that. I believe that it is right to support our economy now, because if we did not, the situation would be worse for businesses and people. However, I have also made it clear, both in the pre-Budget report and last week's Budget, that our country must live within its means, and that is why, for example, I announced measures to halve the deficit over the next five years. The two things are absolutely necessary, but I am clear that simply standing back and letting nature take its course would be disastrous and would cost far more in debt and borrowing than the action that we are taking.

Mr. Brooks Newmark (Braintree) (Con): Given that the Government intend that borrowing will be in excess of £1.4 trillion over the next four years, will the Chancellor please tell us how much debt the Government would be willing to take—both on and off balance sheet—before it became unsustainable?

Mr. Darling: As I was saying a few moments ago, it is important that we support the economy now. As I think the hon. Gentleman knows, as a result of what is happening, we, like other countries, have experienced a substantial drop in our tax revenues. For example, more than 25 per cent. of our corporate tax revenue used to come from the banking sector, so what has happened has had a consequence. In the face of that, he might argue that we should embark on wholesale cuts now, but that would be absolutely nonsense—

Mr. Newmark: No.

Mr. Darling: The hon. Gentleman says no—I agree with him—but that means that borrowing will be allowed to rise, which has a consequence on debt. At the same time, however, we must take action to ensure that we bring down borrowing and debt, and we have announced how we propose to do that. It is right and sensible to support our economy while ensuring that we have sustainable public finances in the long term.

Fiona Mactaggart (Slough) (Lab): Is the cost of this borrowing to the economy not substantially less than it was the last time that this country had substantial debts, which was under a Conservative Government, when interest rates were in double digits for five to 10 years?

Mr. Darling: My hon. Friend is right. Part of this country's problem in the 1980s and 1990s was high inflation, which meant that the Bank of England had to raise interest rates to 16 and 17 per cent. In addition, many of the problems then were home grown. As my hon. Friend says, the difference now is that the effective rate at which we borrow is a lot lower then it was in the 1980s and 1990s. However, I come back to the same point, which is that we and other countries, faced with a worldwide problem, have a choice either to stand back and do nothing, as the Conservatives seem to advocate, or to take action. When one hears the Leader of the Opposition, as he did on Sunday, criticise the fact that our spending is increasing by £20 billion a year and imply that he would cut it, and when one realises that much of that spending is on unemployment benefit and other support for people, one really does wonder about the Conservative party's approach.

Mr. David Gauke (South-West Hertfordshire) (Con): The Budget revealed the worst borrowing figures in our peacetime history and the Government's projection that they will not get back to a balanced budget for another eight years. However, the day after the Budget, it emerged that the Treasury's projections include an unexplained fiscal tightening from 2014 of £45 billion, the equivalent of £1,450 in tax rises per household. Why was there no mention of that in the Chancellor's Budget statement?

Mr. Darling: I did set out a path to reduce our borrowing over the next five years. The number the hon. Gentleman uses came from the Institute for Fiscal Studies last week. At this stage, when there is an awful lot of uncertainty out there, it is sensible to set a path that shows that, yes, we are supporting the economy now, but we are taking action to ensure that we reduce our borrowing over the next few years. To attempt to write a detailed Budget for 2015, 2016, 2017 or 2018 would be ridiculous when there is so much uncertainty, but it is important that we set out a clear direction of travel. The hon. Gentleman criticises me for saying that I will halve the deficit over the next five years and implies that he would go further. If the Conservatives think that we ought to reduce borrowing faster, I would be interested to know when they intend to spell out in detail what they would do to meet that target, instead of just hinting.

Taxation (Households)

7. **Mr. John Baron** (Billericay) (Con): What estimate he has made of the amount of tax that will be paid by the average UK household in 2011-12 in comparison with 2008-09. [271132]

The Financial Secretary to the Treasury (Mr. Stephen Timms): For a household with a single earner on average male earnings, the proportion of income paid in direct tax was approximately 19 per cent. in both 2008-09 and 2011-12, a little more than 20 per cent. in 2007-08 and more than 21 per cent. in 1997.

Mr. Baron: Does the Financial Secretary understand that my constituents were fed up with paying more taxes under this Government, even before the Chancellor doubled the national debt? No one is fooled: a 50 per cent. tax rate may make it look as though the rich are paying more tax before the election, but after the election it will be average earners who are paying even more tax, because of increases in fuel duty and national insurance contributions, which by 2012 will cost every family in this country an additional £1,000.

Mr. Timms: Among the pieces of information that the hon. Gentleman gives his constituents, I hope that he will point out that they will pay less as a proportion of their income in direct tax in 2011-12 than they did in 1997 and that every basic rate taxpayer is, with effect from this month, benefiting from a £145 tax cut, thanks to the increase in personal allowances, which exceeds future national insurance rises. I hope also that he will have the courage to admit to his constituents that the Conservative party's only tax promise to date is to increase the inheritance tax threshold to beyond £1 million, which would do nothing at all for 97 per cent. of estates, but would give on average a £200,000 tax cut to a tiny handful—3 per cent.—of estates. His constituents might have second thoughts when he explains that to them.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): On the question of tax, specifically fair tax, is it not entirely consistent with Labour values and principles that those who have benefited most over the past 15 years—during the good times—such as the 17 millionaires on the Tory Front Bench, should be the ones who pay their fair share now that we are in a downturn? Does the Minister agree?

Mr. Timms: I think that my hon. Friend is absolutely right, and indeed the vast majority recognise that it is fair that those whose incomes have risen fastest, and those in the best position to do so, should contribute more.

Mr. Mark Harper (Forest of Dean) (Con): To pick up the question asked by the hon. Member for Liverpool, Walton (Mr. Kilfoyle), why does it fit with Labour values to tax everyone earning more than £20,000 a year by increasing their national insurance contributions—that is nothing more than a tax on jobs—and to save that increase until after the election?

Mr. Timms: The hon. Gentleman should perhaps have paid a little more attention to what I said a moment ago: the increase in personal allowances in income tax—that is, in the tax-free proportion of people's income—gives every basic rate taxpayer a tax cut of £145 from this year.

Mr. Stephen Hepburn (Jarrow) (Lab): I read with interest at the weekend that certain celebrity millionaires, such as Sir Michael Caine, are considering leaving the country because of the Government's tax moves. Could they be reminded that it is ordinary, hard-working people, who pay money to watch their films, who put them where they are? We should give those celebrities the message that if they cannot support services for those hard-working people, such as the national health service, when the country is going through a bit of a problem, good riddance to them, and we should say, "Don't come back."

Mr. Timms: I say to my hon. Friend that I hope that Michael Caine is not going to leave the country, but I agree with him that at a time of crisis in the world economy it is fair to ask those who are in a position to do so to contribute more.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I think the situation is even worse than my hon. Friend the Member for Billericay (Mr. Baron) fears. My hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) put his finger on it: the small print of the Budget Red Book shows us that if we fast-forward a couple of years, even with roaring growth in line with the fantasy forecasts that the Chancellor gave us last Wednesday, a further £45 billion-worth of tax increases would still be required. Will the Financial Secretary to the Treasury confirm that that equates to £1,450 a year extra tax per family? Is not the truth that behind the spin about taxing the few with a 50p tax rate, the reality is a secret Labour stealth tax bombshell, targeted at the many and timed to go off after the next general election?

Mr. Timms: I think I remember that poster. I can say to the hon. Gentleman that for the household that the hon. Member for Billericay (Mr. Baron) asked me about, and that we talked about—the household with the single earner and two children—the proportion of income spent on tax has gone down since 2007-08. It has gone down significantly since 1997, and we will protect the well-being of those families in the years ahead, both through our investment in public services and through the way in which we manage the tax system.

Savings

8. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): What steps he is taking to encourage saving. [271133]

The Economic Secretary to the Treasury (Ian Pearson): The Government recognise the importance of saving in providing people with independence throughout their lives, security if things go wrong, and comfort in retirement. Budget 2009 announced that from April 2010 the annual individual savings account investment limit will rise to £10,200, up to £5,100 of which can be held in cash. Those new limits will apply from October 2009 for people aged 50 and over. The Government also announced an extra £100 a year for the child trust funds of disabled children, with £200 per year for severely disabled children. In addition, the saving gateway will be introduced nationally in 2010 to encourage saving among people of working age who are on low incomes.

Daniel Kawczynski: The measures outlined by the Minister are in no way commensurate with the huge loss to senior citizens' savings as a result of the cut in interest rates. A great concern of the Shropshire Association of Senior Citizen Forums, which is 6,000 members strong, is the fact that members' incomes have been cut so drastically as a result of the cut in interest rates. What specifically are the Government doing to help those people?

Ian Pearson: As I just said to the hon. Gentleman, people over 50 will be able to see an increase in their ISA limits by October 2009. He will be aware of the capital disregard for pension credit and pension-rated housing and council tax benefit, which was raised from £6,000 to £10,000 when the Budget was announced. Again, that will come into effect in 2009. I recommend to him the Moneymadeclear website, which offers free, impartial advice on a range of savings products that have rates significantly in excess of the current Bank of England base rate. That is on top of the measures that we announced in the pre-Budget report to increase the basic state pension. We want to do the right thing by pensioners in this country, and we are doing that. I am sure that they will welcome the increase in ISA limits that we announced last week.

Sir Patrick Cormack (South Staffordshire) (Con): If the Government believe so strongly in encouraging saving, why are they treating the Equitable Life victims so shabbily?

Ian Pearson: The hon. Gentleman will be aware of the report that we produced in response to the ombudsman's report on Equitable Life. We have announced that we want to make progress as speedily as possible, and we have asked Sir John Chadwick to provide us with advice. We are committed to introducing an ex gratia payment scheme as quickly as possible. We want to treat those who have suffered a disproportionate impact as a result of the events at Equitable Life, for which we have apologised, fairly and as quickly as possible.

Topical Questions

T1. [271151] **Ann Winterton** (Congleton) (Con): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr. Alistair Darling): The Treasury's responsibilities remain as I set out at the last Question Time.

Ann Winterton: The UK is in a deflationary period at present, but when the billions of pounds of taxpayers' money feed through into the economy, especially money that has been quantitatively eased or printed, inflation will follow, as night follows day. What action will the Chancellor take to minimise the effects of inflation, especially for the most vulnerable in our society, who are always the hardest hit?

Mr. Darling: The hon. Lady is quite right that we always need to be mindful of the harm that inflation can cause, which is why we set the Bank of England an inflation target of 2 per cent., which I confirmed again last week in the Budget. The Bank of England has been operationally independent of the Government for more than 10 years, and that has been widely supported and accepted. However, the Bank has a responsibility to meet that target, both in setting out how much it will put into the economy through quantitative easing and in its interest rate policy. The key is to make sure that we keep inflation low. At present, as the hon. Lady would accept, the objective is to make sure that we get credit flowing through the system, particularly for businesses but also for individuals. The Bank of England has that responsibility, so that is the answer to her question. That regime has worked, and it will continue to work in future.

T2. [271152] **Hugh Bayley** (City of York) (Lab): A company called IPS (First) has won a contract to build and operate a packaging plant at the Nestlé factory in York. That will create 100 jobs initially, rising to 200 over time. There are plenty of small and medium-sized enterprises such as IPS with good business proposals that want to invest and create jobs, but they need support from their banks. What are the Government doing to get the banks lending again to those small and medium-sized businesses?

The Economic Secretary to the Treasury (Ian Pearson): I congratulate IPS on its expansion. Only last week I visited a company, Vectura, in the south-west, where I opened a new factory. There are businesses that are continuing to thrive and expand during these difficult economic times. It is right that we put pressure on the banks to ensure that they make lending available to businesses at competitive rates, which is why my right hon. Friend the Chancellor announced the legally binding commitments that RBS and the Lloyds Banking Group have made, totalling £27 billion this year in additional lending to businesses. We monitor that lending—the Bank of England produces monthly reports that look at it very closely indeed—and we want to make sure that it is available to viable businesses that want it. We want to see more companies such as IPS expanding in the UK in future.

Mr. George Osborne (Tatton) (Con): As the Chancellor knows, the growth forecasts that he gave us in the Budget last week, which predicted a return to boom levels of growth in just two years, and that the economy would stay at those boom levels, were greeted with near-universal derision, yet they were the fiction on which he constructed every other Budget forecast. When he gave those forecasts, did he know that the IMF was planning to contradict them flatly just an hour later?

Mr. Darling: Yes, of course I knew the IMF forecasts. The IMF takes a more pessimistic view, not just of our economy but of every economy across the world. However, we ensure that our forecasts are based on the information that we have. If hon. Members look at the IMF and its forecasting over the past three months, they will see that it has downrated its forecasting three times since last October, which demonstrates the uncertainty in the system. However, I believe that because of the action that we are taking, because of the fact that we have low interest rates, because inflation will be coming down this year, and because of the action that most other countries are taking to look after and support their economies, that will have an effect, which is why I remain confident that we will see growth return towards the end of this year.

Mr. Osborne: Frankly, I do not think the Chancellor is in any position to lecture anyone else about downgrading their forecasts after last week. Is not the truth this—that the dishonest Budget has completely unravelled in the space of just a week? We have seen the IMF produce those growth forecasts, which were wholly different from the ones given an hour earlier to the House of Commons. We have the CBI saying that there is no credible or rigorous plan to deal with the deficit. We have the Institute for Fiscal Studies pointing to the black hole, and yesterday a former member of the Cabinet, beside whom the Chancellor sat at the Cabinet table, said that his tax plans were a breach of a manifesto promise that is damaging not just to the Labour party, but to the economy. Today we had the Prime Minister getting a lecture in prudence while he was in Warsaw. We are used to Polish builders telling us to fix the roof when the sun is shining, but not the Polish Prime Minister as well.

Does not the collapse of the Budget in the past week and the damage to the Chancellor's credibility make an almost unanswerable case for an independent office for Budget responsibility, so that we get independent forecasts on Budget day and the assumptions of the Budget are believed by the public?

Mr. Darling: No. The big difference between us is on the action that the Government should take, faced with a downturn of the magnitude that we see today and the problems that we and every other country are facing at present. The hon. Gentleman's solution is to stand back and let nature take its course. That is a price that I am not prepared to pay. I have set out in the Budget measures to help not only individuals, especially those who may be facing unemployment and need help to get back into work quickly, but businesses in this country. We also ensured over the past few years that we went into the downturn in a position where the Bank could reduce interest rates, unlike in the past, when interest rates had to be increased. The action that we have taken to help the economy now and the action that I set out to get borrowing down again is realistic and sensible, given the situation that we face. The question that the hon. Gentleman will have to answer sooner rather than later is, if he is critical of all that, what exactly is he proposing in relation to public spending? What exactly is he proposing to do to help people and businesses in this country? At present that is absolutely opaque.

T4. [271154] **Mr. Eric Martlew** (Carlisle) (Lab): Many small businesses in my constituency have suffered from the problems of the credit crunch. However, they have benefited from the "time to pay" initiative, which is a

Government initiative that allows them to defer tax. Has any assessment been made of how many businesses in Carlisle have benefited from that?

The Financial Secretary to the Treasury (Mr. Stephen Timms): Yes; we are monitoring carefully the impact of that service around the country. I can tell my hon. Friend that more than 1,200 businesses in Cumbria have benefited, enabling them to defer, between them, £15 million. Across the country 116,000 businesses have deferred £2.1 billion in tax, very often with a single phone call. I met a company chairman last week who described the service to me as "brilliant". We are providing real help now for businesses in my hon. Friend's constituency and across the country.

T3. [271153] **Richard Ottaway** (Croydon, South) (Con): My hon. Friend the shadow Chancellor mentions the joint press conference in Warsaw this morning, but is the Chancellor aware of what the Prime Minister of Poland said? He said that the Poles had fared so well because they behaved with

"full responsibility in terms of their deficit",

that

"the method to cope with the financial crisis was not to increase expenditure",

and that Warsaw had

"efficient supervision to banks and sticking to the rules...not exaggerating with living on credit. These are the most certain ways of avoiding"

the consequences

"of the financial crisis."

Does the Chancellor agree that the Polish Prime Minister made our Prime Minister look a bit of a novice?

Mr. Darling: Sadly, I did not have the benefit of listening to the Polish Prime Minister, but I am glad that Poland has managed to do so well over the past few years. I am sure the hon. Gentleman will recognise that there are differences between Poland and other countries. If we look around Europe—I am glad that Opposition Members are now prepared to look at Europe and cite other European countries with approval; that is certainly different from how it used to be—the more developed economies in Europe have experienced exactly the same difficulties as we have, as America has and as Asian countries have. There is no country in Europe, Poland included, advocating the present policies of the Conservative party.

T5. [271155] **Mr. David Kidney** (Stafford) (Lab): May I ask the Chancellor and his Ministers to show their support for the UK arm of the global business, Caterpillar, a much valued manufacturer and exporter of construction equipment, diesel and gas engines and electrical power generating equipment, employing more than 10,000 people in the UK, including many hundreds in Stafford? It is taking all the right decisions to weather the economic downturn and to keep together its business, skill sets, supply chain partners and research and development, but it shares many of the same stresses and strains of the car and commercial vehicles sectors. The company says to me in a briefing today that the inability of—

Mr. Speaker: Order. At Topical questions, it is very important that the supplementaries are brief.

Ian Pearson: I am certainly aware of Caterpillar, which is a globally organised company and a significant employer in the United Kingdom. It is in the same market segment as the automotive industry and companies such as JCB, which is not far from my hon. Friend's constituency. Caterpillar is eligible for the Government's £2.3 billion guarantee scheme through the automotive assistance programme, and I am not aware whether, for instance, it has contacted the European Investment Bank for loans, but it might want to consider that. I should be very happy if Caterpillar wanted to meet Department for Business, Enterprise and Regulatory Reform officials to talk about the automotive assistance programme and the support that we can offer.

T6. [271156] **Andrew George** (St. Ives) (LD): In view of the increasing pressure on the budgets of public bodies, what will the Chancellor do to ensure that match funding is available for the European funding programme, and particularly the convergence programme? There is a shortage of money for those areas, particularly for the convergence regions, which are, after all, the poorest in the UK, and there is a need to mitigate the sharp depreciation in sterling, given that European aid is drawn down in euros.

The Chief Secretary to the Treasury (Yvette Cooper): The hon. Gentleman makes an important point. He will know that we have supported many of those programmes, which include funds from Europe, to support regeneration throughout the country. That is why we are honouring and supporting the three-year budgets that we set for local councils and continuing with support for regional development agencies and other agencies throughout the country. It is right to continue to invest to support the recovery, and not to cut public spending in the middle of the recession. That would be devastating not only for recovery but for the public finances because it would push up costs in the long term.

T10. [271160] **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): Mr. Graham Whiteman, managing director of Aerotech Design Consultants, and Mr. Michael Pedley, managing director of Middleton sheet metal, two growing aerospace companies in my constituency, are keen to access bank loans as soon as possible, especially to encourage their export potential. Can the Chancellor offer them any hope at all? Would it be possible for a Treasury Minister to meet me and the two directors? They have some really good ideas.

Ian Pearson: My hon. Friend rightly points to the importance of the aerospace sector to the UK economy. It is one reason why, through BERR, we have for a number of years had an aerospace innovation and growth team approach that has been highly successful. Aerospace companies have been accessing funds through the Technology Strategy Board for long-term research and development. He points to the need for bank finance and particular loans, but for small companies with a turnover of up to £25 million the enterprise finance guarantee is a potential route. None the less, I should be happy to meet my hon. Friend and representatives of the two companies, along with officials from BERR and the Treasury, if appropriate, to discuss whether further assistance might be available.

T7. [271157] **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): My hon. Friend the Member for Croydon, South (Richard Ottaway) raised with the Chancellor a very important point about the Polish Prime Minister's extraordinary criticism of the UK Government. The Chancellor dismissed Poland out of hand—almost as though it were a developing country. But it is not; it is a very important European economy. What is his answer to the Polish Prime Minister's very robust critique of this Government's mismanagement?

Mr. Darling: The hon. Gentleman is rather twisting what I said. I said that Poland has made very good progress over the past few years. As he very well knows, Poland, like so many other countries in eastern Europe, was saddled with being under the Soviet union for many years after the war. It has come through that, and it has established itself as a successful economy. Like all economies, it has had problems. The wider point that I was making is an important one: that across Europe, countries are being affected in the same way as we are because of the banking crisis that has spread into the wider economy. Whether in Poland, France, Germany, this country, Asia or America, the question is the same: what do Governments do in the face of this? Do they stand back and hope for the best, or do they do something to support their economies so as to support families and businesses? That is the right thing to do, and Poland recognises that as well.

Natascha Engel (North-East Derbyshire) (Lab): As I am sure that my right hon. Friend the Chancellor is aware, I have recently been involved with setting up the all-party group on insolvency. With that in mind, will he tell me what he is doing to fight the culture of fear around insolvency which often prevents businesses and individuals from seeking help before it is too late?

Ian Pearson: As my hon. Friend will be aware, we announced in the Budget a package of reforms that we want to consult on with regard to insolvency legislation. We have great strengths in our insolvency system, but she is right to point out that these extraordinary economic times are putting major pressure on insolvency practitioners. We have learned some lessons from that. I would be more than happy to come to the all-party group to discuss insolvency issues, and I am sure that the Minister for Employment Relations and Postal Affairs, my right hon. Friend the Member for Wolverhampton, South-East (Mr. McFadden), who leads on insolvency in BERR, would be happy to do likewise.

T8. [271158] **Mr. Henry Bellingham** (North-West Norfolk) (Con): On a number of occasions during the past week, the Chancellor has stated that he wants to reduce the burdens on business. Bearing that in mind, does he agree that now is definitely not the time to be pushing ahead with the Equality Bill, which will pile extra costs and regulations on businesses of all sizes, and will he join the Business Secretary in pushing to have the Bill abandoned?

The Exchequer Secretary to the Treasury (Angela Eagle): I do not think that there is any contradiction between ensuring fairness and freedom from discrimination and good business practice. I am discouraged, to say the least, but not surprised that that attitude still thrives on the Conservative Benches.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my right hon. Friend the Chancellor look to holding a job and finance conference in which we can get banks, businesses, manufacturing industry and trade unions around the table to see how we can ensure that jobs are protected; and will he look to introducing the short-time working subsidy in order that manufacturing can survive to the end of this recession?

Mr. Darling: I will continue to do everything possible to ensure that we help people who lose their jobs to get back into work. In relation to my hon. Friend's point about job subsidies, I repeat what I said in the Budget last week: for people who have families and children and whose incomes go down, the tax credit system compensates for that. In March alone, more than 355,000 people got £35 a week extra as a result of the measures that we have taken. That marks a difference between Labour Members and the Conservatives: we are prepared to help people, because all the experience shows that if people are left on their own, without help, as we saw in the 1980s and 1990s, that can have disastrous social and economic consequences.

T9. [271159] **Mr. Philip Hollobone** (Kettering) (Con): Last year, the Chancellor planned to borrow £120 billion by 2013, and this year he announced plans to borrow £606 billion by 2013—a sum greater than the GDP of Australia. What threat to Britain's sovereign triple A debt rating does that level of borrowing pose?

Mr. Darling: As I said earlier, the reason we have allowed borrowing to rise is that in the face of the downturn and the problems that every country is having to confront, that is the right thing to do. It is equally important, though, that in the medium term, like every country, we have to live within our means, and I set out how we propose to do that.

Reserves (Review)

3.34 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): With permission, Mr. Speaker, I would like to make a statement about the report on the strategic review of reserves, which I am publishing today and which has been placed in the Library of the House.

I know that the House will join me in paying tribute to Britain's reserves. They make an important contribution to current operations, serving with dedication and commitment alongside our regular forces. As I speak, more than 2,000 reservists are on operations in Afghanistan and Iraq on tasks ranging from fighting on the front line to force protection and medical support. That is 8 per cent. of our forces deployed. Reservists have served with distinction in all the conflicts that our forces have faced in recent times, from the Balkans to Sierra Leone. Some 18,000 have been deployed to operational theatres since 2003. Since then, 15 have made the ultimate sacrifice by giving their lives on our behalf. When I visit operational theatres, I never fail to be impressed by the men and women of our reserve forces who give up their time to serve their country.

However, it is not only the armed forces that benefit from our reserves. Society does too. Individual reservists learn and develop leadership, problem-solving and confidence-building skills that make them more capable employees and citizens. They also make a crucial contribution in the United Kingdom, helping out in emergencies from foot and mouth to flooding to providing cover during the firefighters' strike.

The demands faced by our reservists have changed considerably, and we are using them more than we have before in peacetime. We need them to do more than simply prepare to defend the UK in the event of major conflict. We require them to augment our regular forces on expeditionary operations, yet the structures, training and organisation of our reserve forces have not changed to match that requirement and now need to be overhauled.

We owe it to our reservists, their employers and their families to ensure that they are supported to face the challenges of today and the future, not of the past. People wrongly say that this is about tackling stretch by using the reserves to plug gaps in the regular forces. That is not the case. It is, in fact, about optimising the contribution of all elements of defence today and in the future. The reserves are an integral part of that, and are themselves overwhelmingly keen to play a relevant role in current operations.

That is why last year my [illegible]riend the Member for Kilmarnock and Loudoun ([illegible]owne) commissioned a strategic review of reserves. As a result, for the first time in recent years, the reserves have been the subject of a review in their own right. The review was conducted by a small team led by Major-General Nicholas Cottam, which consulted openly throughout defence and beyond. It listened carefully to the views of the reserves community, including the reserve forces and cadets associations.

General Cottam's comprehensive review addressed all strategic aspects of reserve service. I am today placing copies of it in the Library of the House and on the Ministry of Defence website. As one would expect from such a careful analysis conducted over several months, it is very detailed. We have therefore produced a summary of the review, which will also be placed in the Library today. General Cottam confirms that the summary report accurately reflects his review. It also indicates how we shall take forward this important work.

General Cottam's work offered seven strategic recommendations. I am pleased to announce that we are accepting all of them. They flow into more than 80 detailed recommendations. General Cottam was not asked to produce an implementation plan, as his review was properly designed to be strategic. Consequently, some of his detailed recommendations will require considerable further scoping work, taking into account resources and priorities across defence. That will make for difficult choices, but the review provides the solid foundation on which they can be made. I am, however, pleased to announce that around half the recommendations will be implemented immediately.

The review has redefined the "purpose" of the UK's reserves, and notes that they provide defence with a cost-effective way of retaining certain specialised skills. Precisely those niche capabilities and that depth of personnel prove so invaluable in our current operations. The review also acknowledges that reservists may remain vital for supporting national resilience and it recognises the very important role that they play in connecting the armed forces with the nation.

A key tenet of the review is bringing greater clarity to reservists about what we expect of them and what they can expect in return. That has been captured in the "Proposition", which sets out for the first time what reserve service offers. Specifically, it states that we must ensure that

"we continue to offer the challenge and reward which attracts people to volunteer, while giving a firm undertaking to provide them with effective training and the best possible support throughout their service, including when mobilised and recuperating."

Part of that challenge is the opportunity to lead and command, which is why General Cottam's detailed recommendations include proposals for officer recruitment and education. If we deliver the "Proposition"—I am determined that we will—the outcome should be a better trained, better organised reserve, better able to deliver its tasks.

I should like to give the House a few examples of what we are doing now to help achieve that outcome. We shall develop better and more flexible terms and conditions of service, which will allow a range of different forms of reserve service as well as easier movement between the regular and the reserve services by removing complexity and administrative barriers.

Reservist training will be refocused, with a greater emphasis on preparation to support current operations. Initial training will be restructured so that new recruits receive sufficient military skills to participate in their units' collective training within six months of joining, and are fully trained and eligible for mobilisation in three years. Routine training will also be reviewed and sufficient man training days allocated to ensure that annual military competency standards can be achieved by all.

The Territorial Army will be better integrated with the regular Army to ensure that, combined, they are best structured to support current and future operations. That will include stopping reservist tasks that are no longer needed, thereby bringing efficiencies and enabling

[Mr. Bob Ainsworth]

manpower to be used for higher priorities. Some tasks of that nature have been identified during separate work as part of the Department's annual planning round.

As mentioned in the review, certain elements of 2 (National Communications) Signal Brigade are identified as no longer having a clear operational role. That is partly because they hold capabilities that are no longer current, and partly because their tasks can be achieved elsewhere in defence, not least because of improvements in wider national resilience.

In addition, some TA signals units operate communications equipment that is now obsolete, and those posts will be removed. They include Headquarters 12 Signals Group and 33, 34 and 35 Signals Regiments—it is logical to reallocate those resources to higher defence priorities. That decision has not been taken lightly and we are very aware of the exceptional contribution made by the Royal Signals within the TA. However, we must focus resources where we need them most. Where possible, those affected by the decision will be offered other opportunities in the TA, and we will conduct further work to determine the most effective configuration for the TA Royal Signals. As I said, those decisions were taken separately from the reserves review, but they are entirely consistent with it.

We shall also rationalise and improve the way that we approach the civil contingency reaction force and the part that it plays in wider national resilience tasks. That will make it more effective and less burdensome to the units involved. We shall also be working closely with the Department for International Development to determine how best to employ niche reservist skills in support of stabilisation operations.

We need to rationalise the reserve estate. Some of it is underused, out of date and in poor repair; some of it is simply unacceptable for modern military use. In some places, sites sit near to one another, while elsewhere the reserve has no footprint at all. I am therefore setting in train work to deliver a modern, better managed and fit-for-purpose volunteer estate. This important work will take time and I am determined that it be done properly.

Employers play a vital role in delivering and supporting our reserves. They bear the gap while an employee is training and an even greater one when reservists are away from the workplace on deployed operations. We are very fortunate that so many of our employers are so accommodating of the demands that go with a reservist commitment. They recognise the additional skills and qualities that individual reservists can bring to any organisation, but we want to work better with employers. We shall continue to provide assistance and support to them through our employer support organisation, Supporting Britain's Reservists and Employers, which is commonly known as SaBRE. In addition, we shall give greater direction to the reserve forces and cadets associations, to ensure that their excellent work in support of the reserves is more coherent and co-ordinated.

The review that we publish today is important for our armed forces and for Britain's reserves. It makes it clear that the two are not separate; rather, that the reserves provide an integral part of our military force structure. The review provides a firm basis from which we can work further to develop and improve our reserve forces and how we support them. I believe that this is an exciting opportunity for our reservists. The review's outcome is a comprehensive piece of work that has been welcomed by the single service chiefs. The review is a blueprint to ensure that our reserve forces have a clear and bright future to match their illustrious past, and I commend it to the House.

Dr. Liam Fox (Woodspring) (Con): The whole House can and will take pride in the achievements of our reserve forces. We pay tribute to the sacrifices that they have made for the security of our country. Like many hon. Members, I have met our reserves in Iraq and Afghanistan, and I have never failed to be impressed by their professionalism and courage.

I am slightly surprised that the Minister failed to acknowledge the important role of the 234 TA troops currently serving on the green line in Cyprus, as part of Operation Tosca, although I am sure that that was an oversight. This is the first time that Op Tosca has been fully resourced by the TA, which deserves congratulations on the work that it has done.

The main focus of the Minister's statement was the TA. Very little—in fact, I think nothing at all—was said about the Royal Naval Reserve, the Royal Marines Reserve or the Royal Auxiliary Air Force. How will the report impact on those forces? I am sure that the members of those reserve forces serving in Iraq or Afghanistan will be surprised, to say the least, that they seem to have been omitted today.

We welcome the genuine attempt to improve and expedite basic training for both soldiers and officers, but could the Minister tell us what assessment the Government have made of the attractiveness to potential recruits and, more importantly, employers of condensing basic training into six months? It also surprised me a little that there was no mention in the Minister's statement of the welfare issues affecting our reservists and their families. Perhaps he can tell the House in his response what measures in the report's recommendations will improve the welfare of our reserve forces and their families.

I am sure that the Minister would agree that it is a major disincentive when regulars take a disproportionate number of places at the top of TA units. Will he assure the House that, when reservists can carry out a role, they should do so, and that, when appropriately qualified, reservists will have priority?

The Minister said at the beginning of his statement that the reserve forces make a crucial contribution in emergencies. Surely it would be more accurate to say that they have made such a contribution, because the Government are effectively abandoning their own plans, set out in 2002, for the civil contingency reaction force. Who is going to carry out that role, if not the TA? The assumption seems to be that the blue light services and the regular services will assume that responsibility, but the regular Army is already overstretched and is increasingly being concentrated into super-garrisons. So, let me get this right: with a potential flu pandemic at our door, the Government are abandoning their own civil contingency reaction force and, instead of using the widespread footprint of the TA across the country, they intend to depend more on the regular Army, which they are concentrating in fewer and fewer geographical locations. Are they kidding us?

No one can argue with the need to rationalise the reserve estate, but the Minister says that detailed work needs to be done first, and that it could take some time. Hmm. Will he then tell us why the Government have a figure of £75 million in the MOD budget for financial year 2011-12 as a contribution made by the reserve estate? How did they arrive at that figure? Has some work already been done, or has that number simply been borrowed from the fantasy figure library that the Chancellor has been putting to such good effect recently?

I have a further point about money. In the discussions that the Minister has had with the Department for International Development on using reservists in support of stabilisation operations, has he discussed transferring any elements of DFID's funding for that purpose? If so, how much?

In 1997, the establishment figure for the TA was 59,000. Today, the figure is 58,500, even though the current strength is only 28,920. Following the Minister's statement today, what will the establishment figure be? Given that the TA has been funded to only 83 per cent. of its capacity in recent years, what will that figure be today? Simply put: how much is the TA being cut by, and how much money will it get?

Despite General Cottam's excellent work, changes to the shape of our armed forces should be made within the context of a strategic defence review—which is hugely overdue—and not in this piecemeal fashion. I am afraid that this statement is short on detail and indicative of a Government who lack direction. If the Minister really wants to abolish obsolete bodies and make them disappear, I am sure that the voters will be only too happy to help.

Mr. Ainsworth: It is traditional to thank the hon. Gentleman for his response. He is right about Op Tosca; I am sorry that I did not mention it. He is, however, totally wrong about my omitting other reservists. I mentioned the reserve throughout. Obviously, I concentrated on the TA because the measures that have been taken in the spending round apply to the TA. He should not be surprised that I majored on that issue and did not try to hide it from the House.

The hon. Gentleman asked about the establishment. There are no plans to take any further cuts in the establishment. Indeed, the report proposes increases in the establishment of the other services—the naval and air reserves. However, the figures for the deletions that are being made in the Signals Regiments amount to around 2,000 individuals. Of course, that would come off the establishment—*[Interruption.]* The hon. Member for Woodspring (Dr. Fox) is right: there will be more than that in terms of posts, but in terms of individuals in place, about 2,000 people will be affected.

With regard to welfare, paragraph 3.5 on page 21 of the report says that we must recognise the needs of reserves during their deployment and through into their period with the reservists. We have made commitments in the service personnel command paper to improve welfare provisions, and those will apply to regular forces as well as to reservists.

The hon. Gentleman mentioned money and I wondered whether he would. He knows that I am trying desperately to help him at the moment by getting information out of the shadow Chancellor that might be of use to him, and I shall continue in those endeavours. He is right to say that the review does not print money, but it does spell out a strategic framework against which the reserve will have an opportunity to bid for defence resources more effectively than it otherwise would.

On the civil contingency reaction force, the important thing is that we keep the command and control mechanism in place so that people can be called up when they are required. We need to relieve the reserves from burdensome training that they do not really need to do, and which they do not welcome, in order to give them more effective, higher level training that will make them better reserves and more able to augment our regular forces.

Des Browne (Kilmarnock and Loudoun) (Lab): I thank my right hon. Friend for his statement, and may I ask him to pass on my personal thanks and appreciation to General Cottam and his team for a job that I am sure was extremely professionally and well done? I have not had the opportunity that the hon. Member for Woodspring (Dr. Fox) may have had to read the whole report; I have not seen it at all, but I shall study it carefully and I may have further observations to make.

I agree with the points that have been made, and I am sure will be made by those on both sides of the House, about how our admiration for our reserves increases by the day. From my experience in the last year in which I was Secretary of State for Defence, I know that increasingly, on every operational visit that I made, it became impossible to tell the difference between the regular members and the reserves of any of the three services. That is the highest compliment that I can pay reservists and, indeed, it was the compliment paid to them by regular members of all three services in my presence on many occasions.

The strategic review's strength was that it was wanted by the reservists; the loudest voices of welcome for it came from reservists themselves. That strength was augmented by the way in which General Cottam conducted the review in a transparent and inclusive fashion. I just wish to ask my right hon. Friend two questions. First, can we continue that inclusiveness and transparency by developing an implementation group, as we did in the Department on other occasions to ensure that those who were consulted were included in implementation? The second is a plea on behalf of the south-west of Scotland, which gives a lot of people to the services, but has very little footprint of the reserves in its communities. Can we have some please?

Mr. Ainsworth: I thank my right hon. Friend for that; indeed, he established this review in the first place, so he understands better than anyone the need for it. As he rightly says, the members of the reserves are extremely impressive and highly capable people who have a real desire to serve in today's operations. What we are really seeking to do is to catch up with the movement that has been effectively made on the ground by putting in place, through this review, the systems that are necessary to serve them in doing that.

My right hon. Friend raises two specific points. I can tell him that an implementation group is set up to look at the individual recommendations, and I assure him that I will see to it—I am sure that those involved will want to do this in any case—that it will be as inclusive as possible in how it goes about its work of deciding which of those recommendations should be taken forward and in what way.

[Mr. Bob Ainsworth]

The point that my right hon. Friend makes about Scotland can be made about many other parts of the United Kingdom too, and this is why there is a need to modernise the estate. I heard hon. Members talking about flogging it off, but much of the estate is not even owned by the MOD. We bear the costs of the maintenance of that estate, and it is not appropriate and not fit for purpose, so we need to spend in new areas.

Nick Harvey (North Devon) (LD): I, too, wish to put on record my respect and admiration for the reserves, who are undoubtedly a valuable part of our armed forces. We have used them more and more in recent years, sending them to the front line much more than previously, and it is no surprise that the National Audit Office observed in its report that there are parts of the armed forces that simply could not manage without the reserves.

I thank the Minister for his statement and for advance sight of it, but it poses more questions than it answers and it is scant on detail. He tells us that there are seven strategic recommendations and 80 detailed ones. I notice that he was on his feet for 14 minutes and I should have thought that he could at least have told us what the seven strategic recommendations are in that time. Can he guarantee that we will get a further chance to ask questions when we have had sight of them? We have no idea of the extent of the changes that are being considered, or whether they will cost more or less. Nor do we have any sense of the time scale for the introduction of the measures or the likely impact on the wider armed forces.

The NAO also observed that reserve forces cannot be a substitute for the regular armed forces, given the inherent limitations in training time and the fact that they are not able to deploy as quickly as high-readiness forces. The Minister must surely accept that nothing in this review can change that.

We know that we will have an ongoing role in Afghanistan for many years, and we will be involved in the Balkans for some time yet. Given the burden that we have placed on the Territorials in recent years, can the Minister give us some indication of what that will mean for their numbers? If after everything that they have done their numbers are cut, it will feel like a slap in the face.

Mr. Ainsworth: The hon. Gentleman says that we cannot manage without the reserves as if we should try to do so—

Nick Harvey: Absolutely not.

Mr. Ainsworth: I am glad to receive that response, because we should not be managing without the reserves. We should see them as part of our armed forces, and we should try to make them as relevant, as competent and as useful as they can be. That is what the enthusiastic individuals who volunteer for the reserve want, so it should be no surprise that we are using them. They are enthusiastic about being used, and the report is about enabling them in that regard.

The hon. Gentleman complains about lack of information. The report should have been passed to him before the statement. I acknowledge that he has not had sight of it and I apologise for that administrative error. I meant to get both my statement and the report to both Front-Bench spokesmen before we started. I have tried to be as open as I can and I have engaged with the all-party group on reserve forces. We have another meeting later this afternoon and I know that there is a level of interest and expertise in the House that needs to be fed into this review. I also know that General Cottam appreciated the information that he received.

The hon. Gentleman talked about numbers. It is difficult to predict what will happen, but there are no proposals for cuts in the reserves other than those that I have mentioned in the two areas. If we make the reserve as relevant, capable and deployable as we can, and if we put the work into understanding that capability, the potential is that the reserve will grow, because we will understand the risks that are associated with giving any particular issue over to a reserve capability. That will develop over time, and I hope that the reserve will at least give options to planners in providing capability.

Mr. Mike Hall (Weaver Vale) (Lab): I am very concerned about the announcement made by my right hon. Friend as regards the Crown Gate Territorial Army training centre in Runcorn. It is a modern purpose-built facility and is the home of 80 Squadron, part of 33 Signal Regiment, which he has announced will be disbanded forthwith. It is also the home of the Army cadets and the Navy cadets. As he will be aware, Runcorn is very important for recruitment to the armed services in the north-west. I am extremely anxious that we maintain the reservist footprint in the town. Will he give me some assurances about the future of that centre in my constituency?

Mr. Ainsworth: I thank my hon. Friend for that question and I am not surprised that he is concerned. The decision that we have taken is not about the facilities in his constituency, but about the capability provided by the Signals Regiment that is only a part of, and only one user of, those facilities. As I have said, it uses equipment that is now obsolete. I am happy to meet my hon. Friend to see whether we can find ways of continuing to use the facilities—if they are as good as he says, we should certainly do so. We need to maintain our support to the Army and Navy cadets.

Mr. James Arbuthnot (North-East Hampshire) (Con): Will the Minister forgive me if I say that I found his statement a little thin on detail? I am sure that when we read the report of Major-General Cottam, who has done extremely good work, we will find it very meaty. However, the impression that I have from the Minister is that he is managing decline rather than inspiring recovery. What will come out of this statement that will bring the reserves up to their complementary strength?

Mr. Ainsworth: Two things more than any other will help us to continue to inspire people to volunteer, both of which I mentioned. I am sad that the right hon. Gentleman did not recognise that. The first is the proposition to lay out for the first time what we expect of our reserves—it is strange that it has never been spelt out, but it has not—and what we offer in return. The second is the need to bring better quality, more relevant training to people. If we do not give them support and

opportunities, as well as the training that is needed to exploit those opportunities, who will be surprised if we struggle to attract the volunteers that we need? I think that the right hon. Gentleman will find, as he digs into the report, that far from managing decline, these moves have the potential to make the reserves relevant for the next century, as they have been for the last.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): May I first put on record my appreciation of the work done by the two Territorial Army units in my constituency? Will my right hon. Friend explain exactly how these new and additional resources will be made available to them? Like my right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne), may I too make a bid, in this case for the super-garrison to be in Central Ayrshire?

Mr. Ainsworth: My hon. Friend is a supporter of the reserve forces, as he is of the armed forces overall. Our statement today does not cover super-garrisons, I am afraid, but his bid is noted. We are trying to ensure that we shift resources so that we better cover the geographical area of the country by remodelling the estate—that is central to the changes that we are making today. If we improve the training, make it relevant and drop that which is irrelevant—the unnecessary burdens—we will give people a far better offer and be able to attract them to the reserve units in his constituency.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): The Minister cannot expect the House to be impressed by his suggestion a few moments ago that the reserves might actually grow in strength, on a day when he has just announced a further 2,000 cuts in their manpower. He will not deny that since this Government came into power, the reserves have virtually halved from 62,000 to 33,000. If, for perhaps sensible reasons, it is necessary to terminate the three Signals Regiments, would it not be fair to the reservists, when they are being used to a degree that is unprecedented in our history, for the 2,000 manpower that is being saved from the Signals Regiments to be allocated elsewhere in the TA?

Mr. Ainsworth: Where individuals are affected by the changes to the Signals Regiment, which I think the right hon. and learned Gentleman recognises are necessary, we will seek to use them and absorb them in the reserve. That will not be possible in every circumstance. Those people may not want to do other jobs, but where they do we shall do our level best to continue to use their enthusiasm. The point I was making about potential growth is that, better managed and better understood, the risk of allowing some capability to be rested entirely within the reserve will be reduced. Over time, there will be potential for the reserve to be used in areas where people have not dared to use it in the past and, therefore, the reserve might grow.

Mr. Lindsay Hoyle (Chorley) (Lab): May I say to my right hon. Friend that this leaves a dark cloud over the TA? We have uncertainty and a lot of questions that need to be answered. We ought not to be reducing the strength of the TA; it gives us the best value for money in the British armed forces and certainly backs up our full-timers. As he has rightly acknowledged, if there is a difference between the regulars and the TA, it is the valuable work the TA gives us at a very low cost. Will he consider re-badging and re-rolling the Signals, and will he tell us about the implications of his statement across the country? May I have an assurance that it will not affect C Squadron in Chorley—my TA unit?

Mr. Ainsworth: I am sad that my hon. Friend sees a dark cloud. I urge him to read the review where he will see that there is no such thing. We are standing down the elements that are not relevant to defence requirement. For us to continue with that would be ridiculous in the extreme. No other cuts are proposed; this is a strategic review, designed to put the reserve in a better place. It ought to be seen not as a dark cloud but as an opportunity.

Mr. Desmond Swayne (New Forest, West) (Con): My interest is in the register.

Will the Minister reflect on recommendation 50? Although the result may have more the character of an agreed merger than a hostile takeover bid, ultimately the outcome will be same: we will have lost an Army with its own ethos and acquired a mere reserve, and something of value will have been lost.

Mr. Ainsworth: This is an important issue. The balance between enabling a career structure for reservist officers and appropriately integrating and using them alongside regular forces will be difficult to strike, but there are times when reserve units should be and are commanded by regulars—there are times when the chain of command decides that is a good thing for a particular unit—but if that is overdone, the hon. Gentleman is quite right: we turn off the talent that could be coming into the reserve wanting to be officers and to progress as officers. I give him an assurance that it is the intention to try to get that balance right.

Mr. David Drew (Stroud) (Lab/Co-op): Does my right hon. Friend accept that before changes are made to the real estate, it is always useful to talk to local Members, because they have knowledge about accessibility to those premises and how a sudden change could dramatically affect both recruitment and the willingness of those in the TA to continue to serve?

Mr. Ainsworth: My hon. Friend is right, but if there is one thing about which I have absolutely no doubt it is that given the level of interest and expertise in the House, any changes to the estate will be discussed with local people, whether proactively or reactively. There will be no attempt to run away from that.

Angus Robertson (Moray) (SNP): The Scottish National party pays tribute to our reserves. We welcome the review but, like everyone else in the House, we are yet to see the details, so we will reserve judgment on them.

Has the Minister had the opportunity to read this weekend's comments by the head of the Territorial Army in Scotland, Brigadier David Allfrey? He talked about plugging a serious gap in the recruitment of reservist officers and said that after a period of paid TA training, at no cost to their employer, employees facing redundancy could return to their companies in better economic times with new or improved management skills. In these difficult economic times, does the Minister agree that that sensible proposal merits closer inspection?

Mr. Ainsworth: I have not read those comments but it sounds like they merit inspection. I think that the hon. Gentleman and others will be interested in a number of proposals in the report, such as military gap years and other ideas that individuals might wish to exploit.

Mr. Brian Jenkins (Tamworth) (Lab): I welcome the statement, mainly because the Department accepted all the strategic recommendations, which represents a refreshing approach.

May I make a plea to my right hon. Friend that he never says that we are disbanding part of the armed forces because their equipment is obsolete, because that might make many parts of them feel under threat? Will he assure us that when we reconfigure the Territorial Army, we will do all that we can to ensure that its members receive all the technological support and equipment that the British armed forces can offer so that when they move into the armed forces, they are not put at a disadvantage by having to retrain on new equipment?

Mr. Ainsworth: I am sorry that my hon. Friend was annoyed by what I said, but the fact is that the units that I was talking about exist, and are structured, to use the Ptarmigan communications system, which is now obsolete. It was in place to support the Allied Rapid Reaction Corps, but that is now supported by separate communications systems, so we no longer use or need the equipment. However, my hon. Friend is quite right to put forward his well-made point about integration and the need for interchangeable equipment.

Mr. Nicholas Soames (Mid-Sussex) (Con): Does the Minister agree that a pull-through from university officer training corps to the TA is extremely important, and will he confirm the great value that he attaches to OTCs? Secondly, does he realise that the reserve forces will become most attractive if they are properly funded and have the equipment that they need to do the job that they can do?

Mr. Ainsworth: The hon. Gentleman is right that funding for equipment is important. People want to be properly equipped when they join both the regulars and the reserves but, as he knows, that is not the end of the story. The right and relevant training is key to the offer that we make to the reserves, and that is central to the proposals in the report.

Mr. Soames: And the OTCs?

Mr. Ainsworth: I agree with the points that the hon. Gentleman made.

Mr. David Hamilton (Midlothian) (Lab): I agree with the aspirations set out in the statement, but I am concerned that I am no wiser about some of the points that have been made because the statement was thin on the proposals, although I will read the report when it comes through. Will the Minister assure us that before we get into the details we will have a full debate in which we can not only discuss the acquisition or relinquishing of property, but cover the whole thing at one time? I get the feeling that we are talking about getting rid of some of the property without dealing with the bigger issue.

Mr. Ainsworth: My hon. Friend is quite wrong. It will take anything up to 10 years to implement some aspects of the review, so I am certain that they will be discussed in the House again and again. I will remain engaged with the all-party group on reserve forces, and we will make written and oral statements whenever they are necessary.

Mr. Julian Brazier (Canterbury) (Con): May I thank the Minister for all the review's courteous exchanges with my all-party group on reserve forces?

The review brings good news in the form of innovative ideas for training, especially basic training, but that is balanced with extremely bad news about numbers, especially given that the establishments of several units do not provide the critical mass for training. May I press the Minister on the point raised by my hon. Friend the Member for New Forest, West (Mr. Swayne)? The right hon. Gentleman rightly said that critical to the offer is opportunities for command. I urge him not to depart from the rule that most TA and Royal Naval Reserve units are commanded by reservists, where adequate reservists are available, so that we avoid a repetition of the truly shameful exercise whereby a group of senior regular officers in the Navy were able to brush away four strong reservist candidates and impose a regular officer, on the basis that he had more time available.

Mr. Ainsworth: The principle espoused in General Cottam's review is that we should have the best person for the job. That is the recommendation against which the hon. Member for New Forest, West (Mr. Swayne) reacted—recommendation 50. General Cottam and I have already discussed the matter and we agree that, in deciding who is the best person for a job, we should take account of the unit's being a reservist unit, and the fact that the commander is a reservist will often be part of that assessment. As I said, sometimes the chain of command will decide for good reason that, at a particular point in time, it is appropriate that a regular officer commands a unit. However, we do not want to damage the career path—the ability to bring capable individuals into the officer corps—and we will do that if we take that too far.

Ms Dari Taylor (Stockton, South) (Lab): I welcome the statement and look forward to reading General Cottam's comprehensive review of the strategic aspects of the reserve forces, but I have one question. In his statement, my right hon. Friend mentioned flexible terms of engagement or employment. Will he confirm that he may use such language? Will he explain how those terms will benefit medical reservists, who are essential to our deployed forces?

Mr. Ainsworth: To be frank, I am not sure what impact they will have on medical reservists. I shall come back to my hon. Friend on that point. However, there are considerable barriers to flexibility in the terms and conditions of employment in the reserves. For instance, it is detrimental to an individual, on leaving the regular service, to go straight into the reserve. Is that sensible? Such people have all the skills and are capable soldiers, sailors or airmen, but the effect of the current terms and conditions is to discourage them from transferring straight into the reserve. I do not think that that is sensible, and nor did General Cottam.

Mr. Bernard Jenkin (North Essex) (Con): May I read back to the Minister part of his statement? He said, "People wrongly say that this is about tackling stretch by using the reserve to plug gaps in the regular forces." Although we understand that he has to put a brave face on the decisions that he is having to take today, will he at least be realistic? Where would we be without the medics, the helicopter pilots and even the infantry reservists, and the professional Army had to try to manage current operations on its own? The reserves are filling gaps, and reducing reserve and TA forces further means that fewer gaps will be filled when we need to fill them.

Mr. Ainsworth: The hon. Gentleman talks as though we should not augment the regular forces with the reserve—as though we should stand them aside in readiness for the old cold war scenario of the Russians coming over the western plains. That was the purpose of the reserves for a period in our history, but that is not what they want to do or what they have been doing for some time. We will not attract the individuals we want to attract if we do not make them relevant to current operations. Yes of course we want to use the reserve, and it is appropriate that we do so.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): My right hon. Friend mentioned the Defence Estates review. In 2006, the National Audit Office's report found that there was "little understanding" in defence of the overall "costs of Reserve Forces". Will he say whether the review has cast light on those costs, either apart from or including the Defence Estates part of them, and will the money freed be used for the investment that must be needed if the new proposition is to be achieved?

Mr. Ainsworth: The review team looked at the National Audit Office findings, and there is comment on that. Of course there is potential in some areas to make savings, if not on the properties themselves, then on the overheads for things that are under-utilised. However, there is a need for investment, so we have to try to see to it that the reconfiguration gets due priority in our planning rounds in future. We also have to see to it that reserves get the funds that they need, so that they can have the estate that they need, so that they can get the training that they need to be effective.

Sir Peter Viggers (Gosport) (Con): Is the Minister aware that his statement this afternoon was deeply unreassuring? I fear for the future of General Cottam's careful report. The Minister made many references to using reserves to fill gaps in the armed forces; he made no reference at all to formed units, which are absolutely essential if we are to continue to develop leadership and have the structure around which our armed forces can be re-expanded in times of emergency. History has shown that we need that insurance policy. Not to insure is a false economy.

Mr. Ainsworth: The hon. Gentleman might remember that I said to the House that we would reconfigure training so that people would be able to train as a unit within six months. He now tells me that I did not mention units at all.

Mr. David Kidney (Stafford) (Lab): I echo my right hon. Friend's praise for our remarkable reservists and the employers who support them, and echo what I thought sounded like an expression of regret for the loss of TA numbers in Signals. May I ask him to say a little about his ambition to improve training, which he mentioned in his statement, with regard to the times and places of training and, where appropriate, the engagement of reservists' employers in planning it?

Mr. Ainsworth: Throughout the review, training plays a central role. Providing training that is better placed geographically; integrating training with regular training, where appropriate, so that reserves can train alongside regulars; and reservist units and sub-units being able to use regular training capacity and facilities, and take up that capacity effectively, are all issues covered by the review. One of the things that we will need to talk to employers and reservists about is our growing need to try to attract people into the reserves to provide niche capabilities. Generally speaking, people want to go into the reserves to do something different; they do not want to do what they do in their day job. In stabilisation operations, we will sometimes need them to do what they have an expertise in. They and their employers will need to be consulted about that.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): I remind the House of my interest, which is in the Register of Members' Interests.

The reduction of the TA estate is a mistake, and I fear that the driver is financial. In 2002, I took command of a bomb disposal squadron that had recently been amalgamated with another squadron. The assumption was that the personnel from the closed TA centre would commute to the new TA centre. That never happened, and the new unit was immediately under-strength. Given that the Minister has repeatedly reassured the all-party group on reserve forces that cost was not the driver for the review, will he simply confirm to the House that the £75 million that will be saved, as a result of selling off that estate, will be reinvested in the TA, not the regular Army?

Mr. Ainsworth: The review was not cost-led, and I have repeatedly told the all-party group that. The review could not and did not seek to protect the reserves entirely from the pressures on the rest of defence. The proposals that came forward from the planning round were not of General Cottam's making, and not of the reserves' making. It would have been wrong to say, "Because we have a strategic review, we're going to ring-fence the reserves, and they will not bear any of the pressure for change within the rest of defence."

Mike Penning (Hemel Hempstead) (Con): The TA, alongside which I had the pleasure of serving as a regular soldier, will regard the statement as an insult—not the review, but the statement—because of its complete lack of content. The Minister could not bear to say that 2,000 soldiers—it will be over 2,000 soldiers—will be cut from the British Army. That was not in his paperwork. The way forward is to have a review about how we will keep those soldiers in the TA. That should have been done before the cuts were announced today.

Mr. Ainsworth: If the hon. Gentleman is suggesting that it is good practice that individuals or the TA would want to maintain capability that is no longer required, I disagree, and I think that every sensible individual listening to him would disagree too.

Ann Winterton (Congleton) (Con): May I just ask the Minister whether he has ever heard of retraining? If people are in the TA, we should keep them in the TA, not cut the numbers, because at the moment we desperately need them. However, may I ask him whether it is possible to calculate in the review the exact number of volunteer reserve mobilisations in any one year, because we cannot do so currently? Will he bear in mind, while praising the reservists for all that they do, that they can choose whether or not they go on a deployment, but regulars cannot do so? It is important that the relationship between the regular Army and the reservists is kept on an even keel.

Mr. Ainsworth: I have said it before, and I will say it again: where we can keep those individuals who are affected by the proposals on the Signals Regiments in the TA and offer them other opportunities, we will do so. That applies to all of them, so the point that the hon. Lady makes has been taken on board. I do not think that we should discard those individuals in any way. Some of them may choose not to do other jobs—that is a matter for them—but we will do everything that we can to keep them.

Regarding mobilisation and the way in which we mobilise, the hon. Lady will see that there are proposals for changes in mobilisation in the reserves, and she will want to look at them.

Points of Order

4.32 pm

Mr. Charles Walker (Broxbourne) (Con): On a point of order, Mr. Speaker. Please, please, may we have a statement on sixth-form funding? Many Members have expressed concern, both before and after the Easter recess, but we have not yet had a statement from the relevant Minister. Would you use your offices, Mr. Speaker, to bring the Secretary of State to the House?

Mr. Speaker: The appropriate Minister will have heard the hon. Gentleman's concerns.

Bob Spink (Castle Point) (Ind): On a point of order, Mr. Speaker. You have often dealt with points of order from Conservative MPs complaining that other MPs visited their constituencies without giving them proper notice. The hon. Member for Wimbledon (Stephen Hammond) visited my constituency last week, but I learned about it from my local *Echo*, receiving notice from the hon. Gentleman only today. This is the third time that Conservative MPs have visited my constituency in recent months to electioneer without giving me proper notice. Perhaps all hon. Members ought to practise what they preach.

Mr. Speaker: I have to be careful, but I shall make it quite clear for the record that if a Member of Parliament goes to a private constituency meeting—in another life, I used to be in the Labour party, so I know about these things—there is no need to notify the local MP. As for any public engagement—and I appeal to all Members of Parliament, as they have enough to do in their own constituencies without worrying about others—if Members believe that they have to go into another Member's constituency, proper notice is important. I do not expect an e-mail on the day of the visit—proper courtesy is all that we ask for. I appeal to Members, so that I am not brought into this argument.

Mr. Tobias Ellwood (Bournemouth, East) (Con): On a point of order, Mr. Speaker. May I echo the request from my hon. Friend the Member for Broxbourne (Mr. Walker) for clarity regarding the Learning and Skills Council? I have three schools that are confused about the situation, and that will continue until a Minister comes to the House to tell us exactly what is happening regarding the funding shortfalls that our schools do not deserve.

Mr. Speaker: Further to what I said to the hon. Member for Broxbourne (Mr. Walker), the matter will appear in *Hansard* and the Minister will have heard. Hon. Members can ask for an Adjournment debate in Westminster Hall, which can give them an hour and a half in some cases, or half an hour here on the Floor of the House, where I usually chair proceedings and enjoy very much the contributions that hon. Members make.

Protection of Children (Publicity)

Motion for leave to introduce a Bill (Standing Order No. 23)

4.35 pm

Mrs. Jacqui Lait (Beckenham) (Con): I beg to move,

That leave be given to bring in a Bill to prevent the exploitation by parents of their children by means of seeking publicity, primarily for the purpose of financial gain, in respect of the actions of such children; and for connected purposes.

It would be a rare adult who was not appalled to discover that a mother could plot with other members of her extended family to kidnap her daughter for financial gain, and I, for one, was relieved that the plot was discovered and the mother and her accomplice jailed. Not much later, the story broke of the alleged 13-year-old father, and we had to endure the spectacle of him, the baby, the mother and other claimants to fatherhood all over the world's media.

I ought to declare an interest as my husband is leader of East Sussex county council, which was involved in that case. Senior officers in the council have done much devilling work for me and I am grateful to them for their help and advice, as I am to the Clerks and the Library of the House. I am also grateful to my hon. Friends the Members for Eastbourne (Mr. Waterson) and for Wealden (Charles Hendry), among others, for sponsoring the Bill, and I hope they do not think I am treading on their toes. I regard this as potentially a nationwide issue.

I also alerted the Under-Secretary of State for Justice, the hon. Member for Dewsbury (Mr. Malik) to the fact that I was planning this Bill. I quite understand that, as a Minister in the Ministry of Justice, he cannot be involved, but I hope he hears my argument and acts on it. I am also hugely grateful to the Centre for Social Justice for its analytical work, which has opened up the whole debate on the impact of family breakdown on society

Those two cases had in common the misguided desire of a self-interested adult member of a dysfunctional family to profit by exposing their child to a media storm. I shall not refer any more to the details of those cases as those involved have had the protection of the law to regain their anonymity. What alarmed me about them was the damage that would inevitably be caused to the youngsters who were exposed to the full glare of publicity.

I want to emphasise that this is not a routine attack on the media. I used to be in that business, and when I was I would have given my eye teeth to be in on such a story. Luckily, however, I have not had to face the media pack in full cry and I hope I never have to, but I have heard about the horrors of it from adults who have had to endure it, whether for good or for bad reasons. For vulnerable children to be exposed to it is appalling. To have lots of strangers doorstepping them, asking for comments and interviews, shouting at them, having flashing cameras pointed at them and being followed by the press pack must have been a nightmare, and I commend the relevant authorities for acting as quickly as they could within the ponderous processes of the law to protect the youngsters in a way that any normal person would expect the parents to do.

What concerns me more than anything else is that the parents could even dream that they could make money from their own vulnerable children. This is a new extension of the many abuses that children have suffered over the years and which we have tried to address. We have spent many hours in the House and much printers' ink in trying to come up with foolproof systems of protection for children from physical abuse, and I am fairly certain that we have not succeeded yet.

Such abuse by the media is an extension of the abuses to which children are already subjected. I do not want to see other adults thinking that there may be some financial gain to be had by doing this. I want to stop a terrible trend of abuse that could be emerging, and I want to stop it before it can take hold. In this simple Bill, therefore, I want to put in place a measure of protection for any other children who may become the victims of their parents.

We all know of dysfunctional families from our constituency casework. I doubt that there is a single Member who has not met in their constituency large, extended and informal families: some work as families, many do not. We are probably all aware of the impact on families of lack of work and benefit dependency, debt and financial challenges, drug or alcohol addiction, mental health problems, poor neighbourhoods and poor parenting skills. I have not designed the Bill to sort out those fundamental problems; that will take a Parliament of legislation and work on the ground across many years and many generations. It is not a Bill to control the media, and I do not want it to stop child prodigies and their parents benefiting from their achievements in music, maths, dance, sport or whatever they excel at—good luck to them. We will need them to do well in the Olympics and to get us out of our current economic mess.

My Bill simply puts back on parents the responsibility not to exploit their vulnerable children by amending the Children and Young Persons Act 1933, so that anybody who has responsibility for any child or young person and causes the publication of any information in respect of the child, including photographs or digital images, that is likely to cause significant harm to the child should be guilty of an offence and liable on summary conviction to a fine and/or imprisonment of up to two years. I define a child or young person as someone under 18 years old. I also include in significant harm both physical and psychological harm.

We protect our children in the family courts from publicity, notwithstanding the changes that were brought in yesterday. We also protect those involved in the youth justice system, however horrible the crime they may have committed. Most young people in trying circumstances are already protected from media exposure, and none of us probably expected or envisaged that this horrible loophole would emerge, whereby parents intentionally try to make money out of their children in ways that would harm them. I doubt that in 1933, when the Act to protect young people was drawn up, anybody thought that we would need to extend it to stop parents exploiting and abusing their children for the money that they could make from publicity. It is a sad indictment of our society that, some 70 years later, we need to introduce such an amendment.

It is our responsibility as legislators to ensure that our young children are able to grow up as normally as possible, but that, as we all know, is quite a stretch, given the record of family breakdown and dysfunctionality throughout the UK. The wider challenge is to help to

[Mrs. Jacqui Lait]

heal those wounds, but that is well beyond the scope of the Bill. This is a small Bill; it is a one-paragraph Bill, but it could prevent more abuse of young and vulnerable children by their parents. I commend it to the House.

Question put and agreed to.

Ordered,

That Mrs. Jacqui Lait, Charles Hendry, Mr. Nigel Waterson, Mr. Iain Duncan Smith, Mrs. Maria Miller and Tim Loughton present the Bill.

Mrs. Jacqui Lait accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 26 June and to be printed (Bill 88).

Ways and Means

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Debate resumed (Order, 22 April).

Question again proposed,

That,—

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation,

(b) for refunding an amount of tax,

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every

description.

4.44 pm

The Secretary of State for Work and Pensions (James Purnell): This debate should not be about statistics; it should be about people. I am sure that statistics will be bandied around, but we are talking about real people who are worried if they have lost their job and worried about how to support their children, and workers worrying if they might be next. The welfare state is here precisely to support people at times such as this. We have strengthened the safety net so that we pay people's mortgages if they cannot get back into work, we pay their pensions if their company goes bust and—thanks to tax credits, which the Conservatives have said they want to dismantle—we are paying more than 300,000 people an extra £35 a week to soften the blow of losing overtime or work.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): For the record, perhaps the Secretary of State will acknowledge that we have said no such thing: we have said that we would like to make the tax credits system work more effectively.

James Purnell: The hon. Gentleman's leader told GMTV that he wanted to dismantle it, and the hon. Gentleman has made it absolutely clear that his party wants to look at cutting tax credits. The fact that 300,000 people are getting an extra £35 a week is softening the blow, and that would not happen under the Conservatives.

At times like this, the overriding role of the welfare state is to help people to find a job. The choice before us is between a Government who are investing £5 billion extra to get people back in to work and an Opposition who cannot say that they support that help, because they are committed to cutting spending now. I predict that they will want to run away from that during the debate, but that is the consequence of their policy, and they cannot run away from it.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I wonder if I could quote my hon. Friend the Member for New Forest, West (Mr. Swayne), who intervened early in yesterday's debate to say:

"Is this really what this day's debate is about—the Opposition? Is it not extraordinary that the Government begin with an attack on the Opposition rather than with an exposition of their own case?"—[*Official Report*, 27 April 2009; Vol. 491, c. 595.]

I repeat that today: why do we not stick to the Government's plans? In the interests of scrutiny, let us hear them.

James Purnell: There is someone else who wants to run away from the consequences of his party's policy. *[Interruption.]* The Opposition do not want to listen to the debate. They do not want to have the consequences of their policy spelled out to them, because they want to pretend that it is possible to cut spending now and increase spending at the same time. During this debate we will expose why that is simply not possible.

These are extraordinary times.

Steve Webb (Northavon) (LD): Will the Secretary of State give way?

James Purnell: I will make a little progress and then give way.

Unemployment has been rising across the industrialised world—in the United States, France, Canada, Japan and Italy. In Spain, it is over 15 per cent. Everyone in this House will be worried about the rise in unemployment to 6.7 per cent. in this country. Yes, of course, we started from the lowest claimant count since 1975; yes, there are still nearly 3 million more people in work than in 1997. However, that is no comfort to people who have lost their jobs—they want to know what Government will do to help them now.

Mr. Frank Field (Birkenhead) (Lab): Will the Secretary of State give way?

James Purnell: I give way first to the hon. Member for Northavon (Steve Webb).

Steve Webb: When the Chancellor said that there would be an extra £20 on tax credits, some people might have thought that he meant £20 a week. Will the Secretary of State confirm that he meant £20 a year, which is about 40p a week—barely a pint of milk? He looks confused, but that is the figure that the Chancellor cited in the Budget statement. Does he think that that is sufficient for the Government to hit their child poverty target for 2010?

James Purnell: I am not even sure that the hon. Gentleman's party is committed to that target. We are committed to abolishing child poverty. Clearly, these are extraordinary times. However, we took decisions in the 2007 Budget that will take another 500,000 children out of poverty, and we have already taken 600,000 children out of poverty on top of that. If we had just continued the Conservative party's policies, 2 million more children would be in poverty. We continue to be committed to this policy, which would never have existed if the Conservatives had been in power.

Mr. Field *rose—*

James Purnell: I will make some progress with my argument and then give way to my right hon. Friend.

Labour's policy is to invest now to protect jobs now and to get people back into work as quickly as possible. We estimate that because of our actions half a million jobs will be protected. People who would otherwise be out of work are still in work because of our actions. In contrast, the answer of the right hon. Member for Maidenhead (Mrs. May) would be to cut spending now, and that would mean helping the unemployed less. That is the choice—a Labour Government who believe that we are in this together and will only come out of it together, or Opposition Members, who believe that someone who loses their job is on their own and should not be helped by the Government of the day.

Mr. Field: Some of my constituents have asked me to put this question to the Secretary of State this afternoon. They do not doubt that the Government's measures are about helping people to get back to work, but those measures do not wash with them, because work is part of their DNA. They are scrambling for any job that they can get, but there are now simply not enough jobs for those who genuinely want to work. Their wives work a small amount, and they are now faced with their national insurance-based jobseeker's allowance running out. Should they tell their wives not to work, so that they can claim benefits, or should they tell their wives to continue working while they scramble for work, and lose their homes because they simply do not have enough money to pay the mortgage? What advice would the Secretary of State give my constituents?

James Purnell: Clearly, we want to help people get back into work as quickly as possible, and the tax credits policy is intended precisely to help women in that situation so that they can have extra work. *[Interruption.]* The hon. Member for Runnymede and Weybridge (Mr. Hammond) mutters from the Opposition Front Bench, but these are exactly the JSA rules that his party introduced in 1996. The difference between now and then is that, on top of that, there are tax credits to help people who want to work more, so I have answered my right hon. Friend's question precisely.

Mr. Field: Will the Secretary of State give way again on that point?

James Purnell: I shall make some further progress, as I am going to come to my right hon. Friend's point about real jobs.

The Opposition's policy would increase the human costs of this recession, but it is also economically illiterate. In a banking crisis, we have to get lending going again, support the banks and strengthen confidence. The Tories, of course, would do the opposite. They would take money out of the economy at precisely the time when it needs to be in the economy. They would cut borrowing and would therefore be unable to stand behind the banks, savers, businesses and homeowners in the way we are. Their policy would risk the vicious spiral that the Japanese economy entered in the 1990s. That would be the consequence of their policy, and they cannot run away from it.

Judy Mallaber (Amber Valley) (Lab): Unfortunately we have lost some jobs in my constituency, including in one business that we were able to help with the banking

[Judy Mallaber]

problems. Does my right hon. Friend agree with what was said in the discussion that I had with my local jobcentre manager last week—that, unlike in the previous recession, we now have an active labour market intervention strategy? Will he accept my thanks that there is now a much broader suite of measures that can be used to try to help people who do not have a job to get back into employment? For example, they can be helped to go into business for themselves, look for other employment or enhance their skills. Does he accept that that strategy is very different from what happened in the previous recession?

James Purnell: That is absolutely right. I am sure that my hon. Friend will accept that that costs money, and it was precisely because the Conservative party did not put in extra money in the '80s that the active labour market was relaxed. The link between claiming and looking for work was eventually completely abandoned, and studies suggest that that meant that unemployment was 4 per cent. higher than it needed to be. That is the consequence of the Opposition's policy, and they cannot run away from it. They are ideologically against the extra spending, so unemployment and the recession would last longer and cost more, precisely as they did in the past.

Several hon. Members *rose—*

James Purnell: I will make some progress, then I will give way to hon. Members.

What is really extraordinary about the Opposition's policy is that they want to spend less on helping the unemployed. They must be the first Opposition to say at a time of rising unemployment that the Government should be spending less, not more. Of course, it is reasonable for the Opposition to say, as they did at the weekend, that they want to spend less. That is a reasonable policy, but they cannot in the next breath say that they want to spend more. They cannot say in the run-up to the Budget that we should be cutting spending, and then when the Government announce extra money for the unemployed say, "Oh, well, we'd have done that too." It simply does not add up.

We have set out our position on spending clearly in this Budget, and we have been clear about the consequences of our decisions and of asking those who earn more to pay more. The Opposition have made their overall position clear. They would not support the £5 billion that we have invested in unemployed people, and they have said that they want spending restraint now. But they have yet to admit the consequences of that choice, so I shall spell it out for them. We are investing around £3 billion extra in Jobcentre Plus and our private and voluntary providers. That was our choice. The right hon. Lady's choice to oppose that would mean people getting less help to find a job, less time with job advisers and less help with job search.

Mrs. Theresa May (Maidenhead) (Con) *rose—*

James Purnell: The right hon. Lady is about to tell us where the cuts would fall under her leadership.

Mrs. May: The right hon. Gentleman seems to pursue the argument that, when people say that they want public sector spending to be restrained, it means cuts. The Government will restrain public sector spending by billions of pounds next year. Where will the Government's cuts fall?

James Purnell: The problem with the right hon. Lady's argument is that she opposes even the efficiency savings that we have made in the past few years. We have saved £2 billion a year through extra efficiency savings. *[Interruption.]* The hon. Member for New Forest, West (Mr. Swayne), who is the Leader of the Opposition's helper, may be interested to know that the right hon. Lady goes from television centre to television centre, opposing our changes. She cannot say that she opposes the efficiency savings that we have made in the past few years and criticise us for that, while claiming that she will find more efficiency savings in future. The shadow Chief Secretary may be interested to know, for the right hon. Lady's job prospects, that she has got herself into a position whereby she was against efficiency savings in the past, saying that she would not preside over any in the future, but she still believes that she can spend more money than us. She may have noticed that the leader of her party said at the weekend that he wanted people who would find less money and achieve more. She proposes to spend more money and do less.

The right hon. Lady asked where our cuts were. We set out in our three-year plan last year exactly how we achieved the £2 billion of efficiency savings and we will set out in our three-year plan in the next couple of weeks exactly how we will continue to do that. We will continue to save on IT, telephony and estates. We have reduced jobs in back offices and put them in the front line, where they are most needed. The right hon. Lady opposed all those changes, which shows that the Conservatives want to talk generally about saving but have no idea about how to achieve it. *[Interruption.]* I think that the hon. Member for Runnymede and Weybridge is twitching.

Mr. Philip Hammond: Let me get this straight to make sure that I have understood the Secretary of State's argument. When the Labour party makes cuts, they are efficiency savings; when the Conservative party proposes the same reductions, they are front-line service cuts. Is that his argument?

James Purnell: That is exactly what has happened in my Department—we have reduced back-office jobs by 30,000 to 100,000. The right hon. Member for Maidenhead opposed that because she wants to present easy arguments about—*[Interruption.]* She says no. She goes around talking about 750 jobcentre closures. That was a result of putting together the Employment Service and the Benefits Agency, thereby improving the service, reducing the time that we take to process benefits and improving the advice that we give people to get them back into work. They now get back into work far quicker than in the past, yet the right hon. Lady opposed that. Conservative Members have no idea how to make the system more efficient—they are simply ideologically committed to cutting spending.

Mr. William Cash (Stone) (Con) *rose—*

James Purnell: Right on cue. I will give way to the hon. Gentleman.

Mr. Cash: The Secretary of State speaks continuously about cuts and confidence, but I want to ask him about his responsibilities for employment. The figures for public sector debt, on which the Government rely, are not, in every respect, those that the Office for National Statistics presented. Does he agree that, according to ONS figures, including the banking sector and public sector pensions, the actual amount of net debt is more than £3 trillion, not the amount of around £1 trillion that the Government presented? On ONS figures, that is between 175 and 205 per cent. of gross domestic product. Does he agree that the ONS says that—yes or no?

James Purnell: Not at all. If the hon. Gentleman wants to discuss debt, the International Monetary Fund says that we are the second lowest for debt in the G7. We will remain in that position even at the top of the amount that we will borrow. No one denies that borrowing needs to rise so that we can invest more now. That is precisely to ensure that we return to growth and reduce debt as quickly as possible. The problem with Conservative Members is that, because they would not take action now, unemployment would last longer and the debt would be higher. They made that mistake in the 1980s and the 1990s, and they still have not learned the lesson. Clearly, they do not want to hear about the consequences of their policies, so I will continue to make them clear.

Our policy is to recruit an extra 6,000 people. We announced that in the pre-Budget report, and we have done it. Those people would be fired under the right hon. Lady's policy. She could not hire the thousands of additional staff that we will recruit as a consequence of the Budget. Fewer workers threatened with redundancy would get help through the rapid response service. There would be no pre-redundancy service for small and medium-sized companies.

Christopher Fraser (South-West Norfolk) (Con) *rose—*

James Purnell: I will make some progress because Front-Bench Members want me to elucidate our policy.

In January, we announced £500 million for people who are unemployed for six months to provide recruitment subsidies and help with starting a company or with training. The new help started this month, on time, exactly as promised. Again, the right hon. Lady could never promise to do that, because she was against the fiscal stimulus in the Budget. More than 6,000 people have already been referred to that help. She criticises us for not doing that quickly enough; under her it would not happen at all.

The right hon. Lady goes around talking about the flexible new deal. The Budget means that we can invest hundreds of millions of pounds extra to secure the flexible new deal. We will deliver that—*[Interruption.]* It has gone up because, owing to the world recession, we predict that there will be an increase in numbers. She, I am sure, agrees with that. We are putting more money in; she would not do that. If she were now Secretary of State, which would be a terrible thing, she would have—*[Interruption.]* We announced an increase in the Budget in my Department—one that, because of the policy of the hon. Member for Runnymede and Weybridge, she would not be able to match. She would be sitting there, having to work out either how she would put the flexible new deal back by a year or how she would cancel it. That is the consequence of her policy. Today we are announcing the next stage in that extra help.

Christopher Fraser: Does the right hon. Gentleman accept that as a result of the inability to secure much needed investment many small firms are cutting back on staff, placing even more people in unemployment?

James Purnell: Actually, because of the tax deferral policy that we have put in place, £2 billion has been deferred. That is helping 100,000 companies and more than 600,000 people. Because of the policies that we are putting in place overall, we think that the jobs of 500,000 people are being protected. Because the hon. Gentleman's party is against that extra help, the consequences under his policy would be far worse. *[Interruption.]* Again and again, the Opposition want to say that they will cut spending, but they do not want to live up to the consequences of that, which would be less help now.

The next stage of the extra spending is what we have announced today, which is a future jobs fund, which responds to the point that my right hon. Friend the Member for Birkenhead (Mr. Field) made about what we do if there are not enough jobs. What happened in the '80s and '90s when there were not enough jobs for young people was that they were simply abandoned and left on the scrap heap. Many right hon. and hon. Members will have seen the consequences in their constituencies. They will know that often those people never got back into work again and that often their children never got into work when they grew up. That was the root of many of our welfare problems, which we have been starting to put right.

Mrs. May: I am grateful to the right hon. Gentleman for his generosity in giving way to me for a second time. He has just been talking about the number of young people who are unemployed. Will he now confirm to the House what the Prime Minister was not willing to confirm in Prime Minister's questions last Wednesday, which is that the number of young people not in education, employment or training is now higher than it was when Labour came into office?

James Purnell: The right hon. Lady knows perfectly well that the number of people overall has increased and the rate is actually down. She knows perfectly well that there has been an increase in the number—*[Interruption.]* Will she confirm that she knows that there has been an increase—*[Interruption.]* No, this is a debate that—*[Interruption.]* She knows perfectly well that the rate is down: it is because there are more 16, 17, 18 and 19-year-olds that that fact gets bandied about. What people actually care about is what we do about that. What we are doing about it, through the policy that we announced in the Budget, is saying that every young person aged 18 to 24 will be offered a job or a training place. That means that the problem that she has identified is being dealt with. We will put in place a guarantee that every young person will be offered a job or a training place. She cannot match that, and if she wants to say that she will, she should say how she would fund it.

Mrs. May: I am grateful to the Secretary of State for again giving way. I am going to try again. I asked a very simple question, which he did not answer: will he confirm to the House that the number of young people not in education, employment or training is now higher than it was when Labour came into office?

James Purnell: The rate is down and there are more people in full-time education than there were at the time. Because of the policy that we are putting in place today, all young people will be offered a guaranteed job or a training place before they are unemployed for a year, instead of being put on the scrap heap, as they were in the '80s and '90s.

Mr. Philip Hammond: As the Secretary of State insists on talking about rates rather than numbers, will he confirm that in 2000 the rate of NEETs was one in eight and that it is now one in seven? That is a rate, not a number.

James Purnell: Because of the policy that we are putting in place, 18 to 24-year-olds will be guaranteed a job or a training place.

Mr. Frank Field: Labour Members are delighted with the Government's proposal to provide jobs. More is the pity that my right hon. Friend was not old enough to be Secretary of State in 1997, so that we could have that programme at the beginning of our stewardship, instead of all this new deal stuff. Earlier I was trying to address the problem of older workers, who are not covered by the scheme, whose national insurance benefit has run out and who will take any job available. Do the Government have any scheme to extend the national insurance scheme's coverage beyond six months?

James Purnell: As my right hon. Friend knows, those jobseeker's allowance policies have been in place since the 1996 legislation, but we are putting in place policies to help people who are in precisely the circumstances that he describes. There is a scheme to help with mortgages, whereby people can defer some of their mortgage payments. That would help people in those circumstances, as would the tax credits policy. It is right that there should be a contributory element, and that people should then get help, whatever the income in their family. After a period, however, it is also right that we should look at the income in that family overall. Anyone wishing to suggest an alternative policy would have to say how they would fund it.

Mrs. Jacqui Lait (Beckenham) (Con): Can the Secretary of State tell me what the Government are going to do about the 16 to 18-year-olds whose education has been cut, if he is not prepared to make a statement about the failure of the Learning and Skills Council to fund sixth-form education?

James Purnell: We actually announced £600 million extra in the Budget—again, money that the hon. Lady's party would not be able to provide. The shadow Chief Secretary to the Treasury will note yet another spending demand from those on his Back Benches.

Mrs. Lait *rose—*

Anne Main (St. Albans) (Con) *rose—*

James Purnell: I want to make some progress on elucidating the policy that the Conservatives do not want to listen to—

Mrs. Lait: On a point of order, Mr. Deputy Speaker. I seem to remember, having sat through the Budget statement, that the £600 million fund to which the Secretary of State has referred was actually intended to replace the capital fund and not for sixth-form education. Perhaps you would like to invite the Secretary of State to correct himself?

Mr. Deputy Speaker (Sir Alan Haselhurst): The hon. Lady is a wise Member of the House, and she knows that that is not a point of order. It is a matter of debate, and it remains to be seen whether the Secretary of State will take up the point; it is not a point of order for the Chair.

James Purnell: The hon. Lady is wrong; it is revenue funding for extra places. I am afraid that she is the one who is confused.

We will offer young people 100,000 jobs in growing sectors of the economy. In addition, we will launch the future jobs fund, which will spend £1 billion to create real jobs, paid at least at the minimum wage, which will lead to qualifications and careers. From this morning, the fund has been open for business. We want councils, social enterprises and charities to come forward with their ideas. There are two main criteria: the jobs have to be real jobs, and they have to be socially useful.

Today, my right hon. Friend the Secretary of State for Culture, Media and Sport and I announced that at least 5,000 of those jobs would be sports coaches. That meets the criteria: they are socially useful jobs and they are also real jobs. We expect that many of those young people will then go on to a career in sport. The others will learn good, useful leadership skills that they will be able to take into whatever career they go into. All those people will be better off than if they had been left without work or training, as they were in the past.

Those on the Conservative Front Bench do not want to welcome this policy, because to do so would be to recognise that their policy would involve doing less than the Government are doing. But perhaps they would like to take advice from the Conservative chair of the Local Government Association, who said that that fund was "excellent news". She continued, and I could not have put this better myself—*[Interruption.]* The shadow Chief Secretary might want to listen to the advice from the Conservative chair of the LGA. She said:

> "Previous recessions have left tens of thousands of people unemployed for years, even decades, and stuck in a dependency culture without the skills that they need to get a job. The devastating impact of this lost generation"—

the Conservative lost generation—

> "from previous recessions is still being felt in many parts of the UK today".

I could not have put that better myself, and I believe that that, rather than the view expressed by those on the Conservative Front Bench, is the proper view in the country. It is a shame that, on the same day, the right hon. Member for Maidenhead described the jobs fund as a con. Despite the lack of enthusiasm from some quarters, I hope that MPs on both sides of the House and councillors will lead their local communities and

apply through the documents that we have put on the Department for Work and Pensions website today.

There is a choice: stopping long-term youth unemployment, or cutting spending now. We are investing to prevent today's unemployment from turning into tomorrow's welfare dependency. The Opposition would simply abandon people to a life on benefits. In the 1980s Tory recession, the number of young people unemployed for more than six months went from 150,000 to 600,000, and it took 10 years to return to the pre-recession level. In the 1990s, it rose to more than 400,000 and took seven years to fall back. The costs were enormous: the cost to the economy and the taxpayer of the benefits bill, and the cost to society of drug abuse and crime. Yet, we know that the true cost was in the wasted potential of talented young people—the Conservative party threw them on the scrap heap—and that the consequences of making the wrong decisions in a recession are not theoretical. We remember—Labour Members certainly do—that the consequences were felt by real people, and the challenge for this recession is in ensuring that we do not repeat the mistakes that the Conservatives made in the past.

Mr. David Anderson (Blaydon) (Lab): The hon. Member for Broxbourne (Mr. Walker) asks, from a sedentary position, who writes this stuff. I do not know who wrote it, but people such as me lived through it.

James Purnell: It was because of the decisions of the party of the hon. Member for Broxbourne (Mr. Walker) that far more people were put out of work than ever needed to be—I shall give way to him.

Mr. Charles Walker (Broxbourne) (Con): This is absolute rubbish. I know that Damian McBride has left No. 10, but please could it get a new speechwriter so that it does not waste everyone's time with this utter drivel?

James Purnell: Again, the hon. Gentleman does not want to hear the consequences of his policy, and that is not surprising. He wants to pretend that it is possible to cut spending now and not have less to spend on helping unemployed people now. *[Interruption.]* It is not rubbish; it is exactly what happened in the 1980s and in the 1990s, and it would happen again if his party ever got back into power. *[Interruption.]*

Anne Main *rose—*

Mr. Deputy Speaker: Order. Sedentary barracking is not helping this debate—it has enough in it without having a chorus of interruptions and so on. I am not sure whether the Secretary of State was giving way to the hon. Lady—

James Purnell *indicated dissent.*

Mr. Deputy Speaker: He is not. I call Mr. James Purnell.

James Purnell: I wish to get on with my speech, because I know that a lot of people want to get in. The criteria on which we will be judged in this recession are very clear. We cannot be immune from the world economy, which is forecast to shrink this year, for the first time since the second world war.

Anne Main *rose—*

James Purnell: I have said that I will not give way to the hon. Lady, so perhaps she will let me make progress.

We can and must aim to do better than in previous recessions, and that is why this extra money is so important. As a result of this extra money, we will be able to pay benefits on time; even though more people will be claiming, we aim to reduce the amount of time taken compared with previous years and to meet our target this year. The right hon. Member for Maidenhead would not be able to make that promise.

Because we have reformed Jobcentre Plus we have almost halved the average time that it takes people to get back into work compared with previous recessions, because of this money we can aim to continue to do better than in previous recessions, and because of the way that we have reformed the welfare state we are not seeing the big increases in the numbers claiming other benefits, as happened in the past.

Mrs. May: I am grateful, once again, for the Secretary of State's generosity in giving way to me. Perhaps he could explain why, if he has done so much to reform welfare and if he is so concerned about the impact that being out of work has on people's quality of life, we went into this recession with getting on for 5 million people on out-of-work benefits.

James Purnell: Actually, our figure was right at the bottom of the international scale; it was lower than that of the United States. The level of people on disability benefits and unemployment benefits in this country is lower than international levels. Of course we want to do more to reduce that level, and we have a policy precisely to do that—a policy that the right hon. Lady's new colleague, David Freud, said was remarkable. I am sure that she shares the view that our record is remarkable. *[Interruption.]* She will know that people who were around in the 1990s remember that people were told to go on to incapacity benefit; the numbers were massaged and all the Conservatives cared about was getting the numbers on the unemployment register down. The problem was that when people were put on IB they were never offered any help to get off it, and that is exactly why the number of people on IB trebled under her Government.

We cannot be immune from what is happening, but we can aim to do better than in previous recessions, and we will aim to do so on three key tests: maintaining the active labour market regime and paying people's benefits on time; getting people back into work more quickly than in the past; and ensuring that there are not the sharp increases in the number claiming inactive benefits that happened in the past.

Steve Webb: The Secretary of State rightly points out the waste when young people become long-term unemployed. Acting after a year is clearly better than nothing, but does he accept that for a 19-year-old a year is an eternity? Is it not apparent on day one of unemployment who are the groups with a high risk of not getting back to work quickly? Could there not be targeted intervention on day one, for example, to help young people who have no skills or poor literacy, rather than a wait of a year?

James Purnell: I am grateful for the hon. Gentleman's question because it gives me the chance to put right a misunderstanding. We do not wait for a year; we give help to people even when the redundancy is announced. We give them help from day one. We do exactly what he says: we fast-track people on to the flexible new deal, and then at six months we provide the extra support by giving people help to set up a company or providing the golden hello of up to £2,500. The extra guarantee is that we will say to everybody that within a year they will be offered a job or a training place. Already, more than 80 per cent. of people get back into work within a year, but this is a new guarantee that everybody will be offered a job or a training place—*[Interruption.]* We are not wasting a year: we offer people help and training from day one. We have access to the advisory discretionary fund from day one, and we help them with CVs from day one. We refer them to jobs clubs early in their—*[Interruption.]* It does work, because it gets people back into work more quickly than in previous recessions, but in addition we are introducing a guarantee that within a year everybody will be offered a job or training place, and that has been widely welcomed outside the House as well as within it.

It is extraordinary that the Conservatives still have not said that they would match our spending on unemployment. I paid close attention to the Conservatives' party conference at the weekend and they were able to commit to spending extra money on certain things. They say that they want an age of austerity. It is a strange sort of austerity when they will not commit to spending a single penny more on the unemployed, but will commit to spending billions of pounds on those in jobs earning over £150,000 a year. It is a strange sort of austerity when they cannot commit to help young people at all, but they can promise a tax giveaway of £200,000 to the 3,000 richest estates in the country. The Conservatives' priority is clear—no more money for the unemployed, but £200,000 for the 3,000 richest estates.

Mr. Philip Hammond: The Secretary of State cannot defend his policies or his Government's record, so he is making up some policies, attributing them to us and then attacking them. I do not recognise the statement that he has just made about people on incomes of more than £150,000 a year. We have explicitly said that while we think that the Government's proposals will be damaging to the economy we cannot make any commitment to rolling them back. So what is he talking about?

James Purnell: The hon. Gentleman's leader said that it was in the queue to be reversed. The only commitment that we know will be in the Conservatives' manifesto is the cut in inheritance tax for the 3,000 richest estates in the country. Again, that is their policy and one that they cannot run away from. That is not an age of austerity: it is just not fair.

There is a choice between the parties. My party would put more money into helping people who become unemployed to shorten the recession and reduce the cost, but the Conservatives are ideologically opposed to such spending. They would not help people now and that would repeat the mistakes of the past and make the recession longer. That is the choice before the House today.

5.17 pm

Mrs. Theresa May (Maidenhead) (Con): Before I respond on this issue, I wish to declare to the House that my husband works for an asset management company, part of whose business is the management of pension funds.

We have just heard an extraordinary speech from the Secretary of State. This is supposed to be a debate about this Government's Budget. Did we hear a detailed defence of the Budget? No. The Secretary of State started by saying that he did not want this debate to be about statistics. Well, we all know why he did not want it to be about statistics. The statistics in the Budget make very bad reading for Labour Members. He then created some fantasy statistics, which he claimed to be Conservative party policy. In fact, he spent virtually all his speech talking about what he claimed was Conservative party policy rather than defending the Budget.

Let us be clear: last week the Chancellor of the Exchequer delivered Britain's bad news budget. We face the worst recession since the second world war. Unemployment is rising at the fastest rate ever and, thanks to Labour's economic incompetence, our national debt will double again to £1.4 trillion, which means that every child born in Britain today will face a debt of £22,500. At the same time, that child's parents will be struggling to cope with the hidden tax hikes that will cost every family more than £1,400 but were not even announced in the Budget.

In the next two years, this Labour Government will borrow more than all previous Governments in history put together. That is only according to the Chancellor's own figures. Of course, as we know, within a matter of hours after the Chancellor's Budget his forecasts were shown to be a fantasy. That means that the reality for families in this country could end up being far worse. Over-optimistic forecasts by the Treasury mean that Labour's debt mountain could grow even higher.

The gross domestic product figures for the first quarter of 2009 have already proved the Chancellor wrong. The economy shrank by 1.9 per cent., which was worse than predicted by the Chancellor in his Budget. Instead of standing up and taking responsibility for the mess that Labour has put this country into, the Chancellor and the Secretary of State, today, have been giving us fantasy figures, refusing to recognise the Government's responsibility for the state of the economy and failing to come up with any credible answers about what needs to be done to fix our broken economy.

We were in a similar position six months ago, last November, when the Chancellor gave his pre-Budget report. Back then, he said that the economy would shrink by 1.5 per cent. in 2009. The Budget prediction is now a 3.5 per cent. fall. Less than an hour after the Chancellor sat down from his Budget, the IMF forecast that growth would fall by 4.1 per cent. If the Government cannot face up to the true nature of the problems that we face, there is no way that they can draw up a credible plan for recovery.

Let us take as an example the handling of the unemployment crisis, about which the Secretary of State has boasted so much this afternoon. The pre-Budget report predicted that the unemployment claimant count would reach 1.41 million by the end of 2009. Last week's unemployment figures showed that the claimant

count had already passed the Chancellor's prediction. It was higher in March than the Chancellor predicted that it would be in December.

The new predictions in last week's Budget paint an even more worrying picture. Claimant unemployment will pass 2 million by the end of this year and reach 2.44 million by the end of 2010, 1 million higher than the Government predicted six months ago. On current figures, that means that the Government are now predicting that unemployment will rise to more than 3 million. Sadly, it is the unemployed who will pay the price for Labour's failure to face up to reality.

I consider it welcome that extra support is being given for the unemployed in the Budget and the Red Book, but, unfortunately, because the Government could not be honest about the scale of the problem earlier, many people will have to wait until January to receive that extra help. The Government and the Secretary of State keep using the phrase "Real help now", but "now" is many months away for most people. The help that comes next January will come two years after unemployment first began to rise.

James Purnell: Just to correct the right hon. Lady, it will actually start from the autumn. The guarantee starts from January. This is a massive improvement in policy and it clearly takes a bit of time to put in place. We need to get bids from local councils, but even doing that is quick. The help that we said in the pre-Budget report that we would provide is already here, as is the help that we announced in January. It all came in on time. The right hon. Lady can complain about it not coming in quickly enough—it would not come in at all under her party.

Mrs. May: The Secretary of State says that it is all right, because it will take six months, rather than nine months, for help to come in. That is still rather different from saying that there is real help now. Virtually every announcement that the Government have made about the help that they are giving to businesses, home owners and unemployed people has taken months to bring in.

The Secretary of State made some statements in his speech about our considering the impact that this situation has on people. He is absolutely right. When we are debating in this House, we must never forget that while we might talk about the figures, behind those figures lie shattered lives for many people. It is crueller, however, to say to people that they will get help now and then to delay that help. If the home owner mortgage support scheme had come into place when the Government announced it, 28,000 homes might not have been repossessed. That is the impact on people's lives.

If the Secretary of State had not been so complacent earlier about rising unemployment, perhaps we would have seen that help coming through earlier. If he had been honest with himself about the level of worklessness, perhaps he would not have had to make plans last November to cut the new deal across half the country this summer. Indeed, if the Government had taken action when unemployment started to rise more than a year ago—*[Interruption.]* I will talk about jobcentres, as the Secretary of State did. The point that I am making, which I shall continue to make, is very simple. The Government continued to close jobcentres when unemployment started to rise. If the Secretary of State had taken action when unemployment started to rise, 54 more jobcentres would be open to help deal with the increased number of benefit claimants who need support and help to get back into work.

James Purnell: The right hon. Lady always gets her facts wrong on this, and she is wrong again. The six-month offer means that people have almost exactly the same help as they have from the new deal for young people already—they are getting that from April. The flexible new deal will be a further improvement for people after one year. The fundamental thing is that the right hon. Lady says she supports that money. Does that mean she is changing her party's position on the fiscal stimulus in the PBR, which the Conservatives opposed? She has a choice: she can either oppose the fiscal stimulus or not have the extra spending. Which is it?

Mrs. May: The Secretary of State really needs to stop running with that fantasy story, which cuts no ice with anybody. I notice that he did not actually respond to me on the issue of jobcentres—the point I was making when he intervened. In the House last November, he declared a moratorium on Jobcentre Plus closures, yet instead of that moratorium being effective from last November, three further jobcentres—in Brixton, Orpington and Feltham—have closed. The last of them closed only at the beginning of this month. Members may be interested to know how much unemployment has risen in the areas where those three jobcentres closed this year: 40 per cent. in Streatham in the last year, 70 per cent. in Feltham and 90 per cent. in Orpington.

In part of his speech, the Secretary of State made quite something of the help that was being given and how people were being helped more quickly by the Government's decisions. In that case, why did more than 35,000 people wait for 17 days or more in December for their claim for jobseeker's allowance—for some money to come through from the Government?

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): In the event of the right hon. Lady's party forming a Government, will she tell the House which of those jobcentres they will reopen?

Mrs. May: What I am happy to tell the right hon. Gentleman is that when we come into government, we shall ensure that there is extra money available to help the unemployed, because we shall put through the welfare reform proposals that the Secretary of State has tried to copy but has been extremely timid about. They would mean that money could be used to pay for programmes to get people into work at a rather quicker rate than he would do under his welfare reform proposals. *[Interruption.]* From a sedentary position, the Secretary of State says, "Oh, well you're going to be spending more." He is well aware that there is a fundamental difference between our welfare reform proposals and his proposals. He does not like to talk about it, which is why I said he was timid: the switch in the DWP budget that enables us to pay for programmes to help get people into work from the benefits that can be saved will be made across the whole country, whereas under his proposals it would be done merely across half the country, which would mean that half the country will not actually benefit from his welfare reform proposals. In one part of his speech, he said that our policies would abandon people to a lifetime on benefits. In that case why has he copied them?

James Purnell: The right hon. Lady is all over the place on this. She knows perfectly well that those were Government proposals that the Conservatives decided to try to copy. She cannot say that she will spend more on welfare reform and more on unemployment and that, magically, the money will somehow come from the City. She may have noticed that it is quite hard to raise money from the City at the moment. It is absolutely impossible for her to say that she will raise welfare—*[Interruption.]* The point is that if we want to save money on the welfare bill, we have to spend more up front. There is no way the right hon. Lady can increase money for welfare reform and for unemployment—it is simply not possible for her to make that promise.

Mrs. May: I am beginning to think that I have been sitting through a different debate from the Secretary of State. I do not think the City was mentioned by anybody on the Conservative Benches. Let us get one thing absolutely straight. The Secretary of State said we were talking about his welfare reform proposals that we had copied. I suggest he looks at the 2001 Conservative party manifesto, where he will see that the "Britain Works" section includes precisely that sort of welfare reform proposal. I know the proposals were in that manifesto, because they were my proposals as shadow Secretary of State for Education and Employment at the time. I am only sorry that it has taken the Labour Government so long, despite the best efforts of the right hon. Member for Birkenhead (Mr. Field) in their early days, to accept the need for welfare reform.

Let me examine in detail the extra help announced in the Budget for the unemployed. There is an additional £1.7 billion to support Jobcentre Plus and the flexible new deal. The Secretary of State did not set this out in great detail in his speech, so when the Chief Secretary winds up the debate, I hope she will tell us how much of that money will go to Jobcentre Plus and how much will be spent on the flexible new deal. Given the figures in the Budget, we conclude that the money will support the increased number of unemployed people, rather than giving extra support to jobseekers.

There is also a need to look at long-term youth unemployment and those who find themselves unemployed in the early stages of their lives. I welcome the extra support that the Government have put in place, but I feel like I have heard it all before—about 12 years ago, in fact. Labour's 1997 manifesto promised:

"We will get 250,000 young unemployed off benefit and into work".

Last Wednesday, the Secretary of State pledged:

"We will invest £3 billion in more help for jobseekers, including offering long-term unemployed people 250,000 jobs".

In the Prime Minister's very first Budget as Chancellor he pledged that

"every young person aged 18 to 25 who is unemployed for more than six months will be offered a first step on the employment ladder."—[*Official Report*, 2 July 1997; Vol. 297, c. 308.]

That offer included the option of subsidised employment or training. Last week, the Chancellor announced:

"From January, everyone under the age of 25 who has been out of work for 12 months will be offered a job or a place in training."—[*Official Report*, 22 April 2009; Vol. 491, c. 241.]

The big announcement in the Budget actually cut help for the young long-term unemployed by making them wait 12 months for support instead of six.

The Chief Secretary to the Treasury (Yvette Cooper): I want to clarify the right hon. Lady's position. She says that she welcomes the additional funding in the Budget to help the unemployed. Between the pre-Budget report and the Budget, we have been providing an additional £5 billion to support the unemployed, the majority of which comes from additional short-term borrowing to support the economy. Will she confirm that she supports that additional funding, with the additional borrowing, and that, unlike the rest of her Front-Bench colleagues, she therefore supports a fiscal stimulus?

Mrs. May: Once again the Government seem to have a fantasy idea of the official Opposition's position on borrowing—*[Interruption.]* Ministers should be patient and wait for the answer. We made it absolutely clear from the beginning of the debate on the recession that automatic stabilisers exist when the economy goes into recession. Of course tax revenues go down and benefit bills go up, and we have never resiled from the fact that that has to be dealt with, so it is quite wrong for the Government to try to claim that we have ever done so.

Yvette Cooper: Let me make it clear that these are not automatic stabilisers. This is additional discretionary investment that is part of our fiscal stimulus to support the economy. Does the right hon. Lady support such additional discretionary funding to help the unemployed?

Mrs. May: In an earlier answer to the Secretary of State, I clarified how we will ensure that we can fund our welfare reform proposals. He suggested at one point that our welfare reform proposals were not about unemployed people, but of course they are. The whole point of developing a different welfare reform structure is to give extra help and support to those who are unemployed and to ensure that we do not come out of the recession with more people in long-term unemployment. As the Chief Secretary knows, the questions I was asked were answered by my earlier reference about how we would pay for that.

James Purnell: We are talking about money now. Does the right hon. Lady support the extra spending or the fiscal stimulus? Which one is it?

Mrs. May: The Secretary of State is trying to argue that one can have only one or the other. I suggest that he thinks very carefully about what he is saying about the fiscal stimulus and money that might be available for helping the unemployed.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Will the right hon. Lady give way?

Mrs. May: I would like to make a little more progress. The hon. Gentleman may well get in later on, but I have been generous in giving way to Ministers.

I want in particular to discuss further the impact of the proposals in the so-called "Budget for jobs" on the young long-term unemployed. As I was saying before the exchanges across the Dispatch Boxes, under-25s who were long-term unemployed could previously be helped after six months; that period has now been extended to 12 months. That is not an improvement in the support given.

There is another problem in the Budget figures. The Red Book makes it absolutely clear that the guaranteed jobs or training will be available to 18 to 24-year-olds who have been on jobseeker's allowance for more than one year. Their number stands at 6,700, out of a claimant count of 1.46 million. In other words, the Government's plans would help less than 1 per cent. of jobseekers. I notice that the Secretary of State is not rising to say that I am wrong about those figures.

James Purnell *rose—*

Mrs. May: Oh, the right hon. Gentleman wishes to intervene.

James Purnell: I must correct the right hon. Lady. She is completely wrong. We will guarantee the help no matter how much unemployment increases. She fails to understand our policy and is trying to use figures to create a smokescreen to hide the fact that she simply has no policy. *[Interruption.]*

Mrs. May: As my hon. Friend the Member for Forest of Dean (Mr. Harper) points out, the Government cannot make up their mind on whether we have no policies or lots of policies that they do not like. I remind the Secretary of State that one of our policies that he does like is our policy for welfare reform, which he has copied, albeit not to the extent that I would like.

As the right hon. Gentleman has challenged me on the figure of 6,700, let us look at the position on young long-term unemployed people. According to the Red Book definition, the help is for 18 to 24-year-olds who have been unemployed for a year or more and claiming jobseeker's allowance, of whom there are 6,700. If the Secretary of State is saying that the money is not there to help 6,700, he must be predicting that the number of young long-term unemployed people will increase significantly in the next few months. That is a rather different position from the one taken by the Minister for Employment and Welfare Reform, who gave evidence to the Work and Pensions Committee last December saying that despite the most virulent stories of doom and gloom from some, there were no projections that the pool of longer-term unemployed would grow at the same rate as unemployment.

For young people, the blow is not just the fact that the help announced in the Budget is not as great as the Government have made it out to be. As was pointed out by my hon. Friends the Members for Broxbourne (Mr. Walker) and for Beckenham (Mrs. Lait), there are also problems with the funding available for further education colleges and sixth-form colleges. The Secretary of State for Innovation, Universities and Skills is doing his best to make the problems worse: as a result of the Government's failure to meet their target on university places, up to an additional 30,000 young people could be turned down for a place.

Anne Main: I thank my right hon. Friend for giving way, especially as the Secretary of State for Work and Pensions did not want to hear my remarks. In response to a question about why post-16 education funding had been cut, the Minister responsible said it was because more people had applied than the Government had budgeted for. He had to admit that they had to pull out the financial rug because they had got their figures wrong, raising expectations that they could not meet or finance.

Mrs. May: Absolutely. The way in which the Government have failed to accept the problems that young people are facing as a result of their policies is a betrayal of young people. The issue is not just about further education colleges and university places; between August 2008 and this January, there were 4,000 fewer apprenticeship starts for 18 to 24-year-olds than in the same period in the previous year. *[Interruption.]* From a sedentary position, the Secretary of State for Work and Pensions keeps muttering about more spending. I remind him that we are talking about his Government's promises, and his Government's delivery on his Government's policies. There are fewer university places, FE colleges are having their expansion plans cut, and there have been fewer apprenticeship starts. How does that help young people who are looking to make their way in the world?

Other aspects of the Government's "Budget for jobs" deserve to be looked at in greater detail. On the Government's pledge of 250,000 new jobs, 50,000 of those would come about by providing the social care sector with a £1,500 recruitment subsidy. Hon. Members may feel that that sounds familiar; indeed it does. It sounds rather like the golden hello announced back in January. The difference, of course, is that the golden hello had a £2,500 subsidy for recruitment, so far from the subsidy being better, it has actually been cut.

I hope that the Chief Secretary to the Treasury will explain in rather more detail how the new proposals for long-term unemployed young people will work in relation to the flexible new deal. What the Secretary of State for Work and Pensions has announced sounds similar to the flexible new deal that will be brought in later this year in parts of the country. We need to know how the programmes will interact. We face the prospect of the Government paying to create jobs, paying to guarantee young people those jobs, and paying welfare-to-work providers to get young people into the jobs that the Government have paid to create and to guarantee for young people. We need to ensure that we do not make the same mistakes that Labour has been making for the past 12 years by throwing money at the issue without giving real thought to how it will help people out there on the ground, and make a difference to their lives.

I want to mention briefly other aspects of the Budget. Increasing the funds available for the social fund will certainly help people during the recession. I am pleased that that measure has been brought forward, but I note that what the Government give with one hand, they take away with the other: they are raiding £145 million from housing benefit next year. Giving tenants incentives to be more flexible in their choice of accommodation was the whole basis of the local housing allowance. It was intended to promote personal responsibility, but the Government have U-turned on it, and claimants will no longer be able to keep the surplus if the fixed LHA rate is higher than their rent. That means that the impact of the Budget will be to cut money from some of Britain's poorest households.

The mess in which Labour has left this country means that the Budget was the death knell for Labour's child poverty targets. The Government were told that

[Mrs. May]

they needed to invest an extra £4.3 billion in benefits and tax credits if they were to meet their 2010 target. The Budget delivered £120 million. The hon. Member for Northavon (Steve Webb), who speaks for the Liberal Democrats on such issues, has already referred to the point about the cost of a pint of milk. The Child Poverty Action Group made it clear that the impact of the extra support given in the Budget amounts to less than the cost of a pint of milk a week. The Budget still leaves 600,000 children in poverty—600,000 children whom Labour had promised to help.

Steve Webb: Had the right hon. Lady been standing at the Government Dispatch Box, how much would she have allocated to tackling child poverty?

Mrs. May: Had we been on the Government Benches, the situation that we would have been dealing with, in relation to the finances of this country, would have been rather different. The reason why the Chancellor of the Exchequer found it so difficult to do anything about the matter when he stood at the Dispatch Box was that 12 years of a Labour Government have led us to the deepest recession since the second world war and to the largest Government borrowing over two years seen in peacetime history. The hon. Member for Northavon should note that what we are talking about is the reason why the Labour Government were unable to provide that help in the Budget.

I am conscious of the time, but I want to talk briefly about pensioners, because they, too, are potentially hit in the Budget. Pensioners and savers are the innocent victims of the recession. That is why we called on the Government to introduce tax changes that would deliver help and support for basic-rate taxpayers and pensioners. Sadly, however, the Government do not understand the value of saving, as all that they have ever done is spend, spend. The savings ratio has been slashed to almost five times lower than what it was in 1997; more than 12.8 million jobs have no pension provision—800,000 more than last year, and 2.4 million more than 1997. I accept that there were measures such as the increased individual savings account limits and the rise in the capital disregard for pension credit, housing benefit and council tax benefit in the Budget last year, but our proposals for the Budget and the change in savings would have put about £3 billion a year back into the pockets of pensioners and savers. The announcements in the Budget are worth only £90 million a year to savers and pensioners.

Mr. Love *rose—*

Mrs. May: I promised the hon. Gentleman that I would give way to him.

Mr. Love: Does the right hon. Lady welcome the forecast in the Budget that the savings rate will increase to 5.5 per cent. by 2011?

Mrs. May: I would dearly love to be able to welcome a forecast in the Budget, and I dearly hope that the savings ratio will increase. However, at the rate that the Chancellor is going, I do not think that any of the forecasts that he has included in the Budget are to welcomed, because I do not think that we can believe any of them.

I want to refer briefly to the tax rise on pensions. I am afraid that the Budget was more about politics than about presenting a plan for economic recovery. There is a sense of déjà vu. One of Gordon Brown's first acts as Chancellor was to raid £100 billion from pension funds, and now as Prime Minister, his latest tax hike in relation to the higher-rate relief on pension contributions will take a further £3 billion a year out of pensions. Those changes are not being implemented from 2011, as the Government would have people believe—some new rules on higher-rate tax relief for earnings above £150,000 came into effect the day after the Budget. Not only do they taper higher-rate tax relief for those earning over £150,000 but they tax employer contributions. Savings, of course, will be taxed when people begin to draw their pensions. Those proposals break the basic covenant between savers and the Government, enshrined in the Turner report on pensions, that responsible savers will be rewarded for locking up income in pensions savings for their retirement. Instead of being rewarded, however, they will be taxed several times over. The changes will add more complications to an over-complicated system, too. Any claims that the Government want to simplify pension savings and their administration have been completely undermined by what the Chancellor did in the Budget.

The Chancellor said that the measure was about fairness, but the money raised in taxes from the pensions of high earners will not go towards improving pensions for those on low incomes. It will simply help to plug the black hole in finances created by Labour. As Dr. Ros Altmann said in her response to the Budget:

"Instead of encouraging people to save while the economy was doing well, Government policy encouraged spending and borrowing as if there was no tomorrow. But there is a tomorrow. And for those approaching retirement, it is looking distinctly bleak."

Let us be clear: we do not believe that increasing taxes on pensions is the right thing to do. We do not support it, but we are not going to be dragged into playing Labour's games. There are a number of new tax rises with which we do not agree, but this one will have to take its place in the queue. Our priority is that, of all of Gordon Brown's tax rises, the most important ones—

Mr. Deputy Speaker: Order. I am sorry to interrupt the right hon. Lady, but she knows that we refer to colleagues not by their name but by their constituency.

Mrs. May: I apologise to the House and to you, Mr. Deputy Speaker.

Our priority is that, of all the Prime Minister's tax rises, the most important ones to avoid are those that tax the many, not the few. The most unfair of those is the national insurance increase for millions of people earning £20,000 or more—a tax on jobs. At the very time that Britain will be trying to recover from recession, when millions of unemployed want to get back into work, Labour wants to raise a tax on jobs. We will ignore the dog-whistle politics that was presented in last week's Budget, and focus on avoiding Labour's tax cuts for the many, not the few.

This country needs a Government who will be honest with people about the problems we face and the mess that we are in. We desperately need a realistic route map to recovery, instead of the fantasy forecasts from the Government that do not last even a day. I shall be helpful to the Secretary of State and suggest that the best thing he can do now is launch the leadership campaign that he has been busy planning for months and call a general election, so that Britain can have the change that it desperately needs.

5.50 pm

Mr. Peter Hain (Neath) (Lab): What was striking about the speech from the right hon. Member for Maidenhead (Mrs. May) was that it was devoid of any content on the policy alternative she might advocate. The policies advocated so effectively by my right hon. Friend the Secretary of State would be unaffordable and undeliverable if Conservative policy cuts were implemented. I shall explain why.

The economy is contracting faster than the Treasury expected only five months ago, so the Chancellor was right in the Budget to give a further fiscal stimulus, expanding the one announced in November. It brought total fiscal support through discretionary action in the Budget, the pre-Budget report and the automatic stabilisers to 4 per cent. of GDP, on top of the other action to boost the flow of credit and cut interest rates. Goodness knows where the economy might be heading now if the Government had instead followed Conservative strictures, and had not acted promptly to adopt a Keynesian response to the crisis.

The Budget also did the right thing by boosting public investment this year to £44 billion, compared with the £35 billion the Chancellor was planning to spend 12 months ago. These are exactly the right policies and priorities to stop a slide into slump, and exactly the right strategy to ensure that the recession is not deeper and longer.

Conservatives seem to forget that the purpose of extra public borrowing is to make up for the collapse in private spending brought about by the global financial crisis. By helping families who are in danger of losing their homes and their livelihoods, and by helping firms that cannot spend because their banks will no longer lend, Government can stop economic casualties turning into social catastrophes. Without such Government action and borrowing, millions more jobs, and tens of thousands more businesses, would be in jeopardy.

Borrowing is rising because of the impact on UK public finances of the world economic crisis, not the so-called public spending extravagance beloved of the leader of the Conservative party and his right-wing media allies. The Institute for Fiscal Studies reckons that the global financial crisis is costing the Exchequer around £90 billion per year, owing to lost tax revenues and higher social security costs. The fiscal stimulus since last year's Budget accounts for only about £26 billion of the nearly £400 billion increase in Government debt to 2012, or roughly one fifteenth of that total.

No one here or elsewhere in the world foresaw the severity of the crisis currently gripping the global economy. Perhaps that is why, after 15 years of expanding UK employment, and Labour's 11 years of unprecedented stability and growth, much of the media appear both bewitched and bewildered by the prospects for Government borrowing and national debt. In one surreal moment last week I heard the Chancellor on the BBC "Today" programme being asked by Evan Davis about Government borrowing for the Budget, not last week or even next year, but in 2014.

Even more preposterous is media speculation about borrowing and debt in 25 years' time, when the average Budget forecasting error is £12 billion for net public borrowing looking just one year ahead. Many commentators have become spellbound by long-term forecasts of public sector borrowing, and are quite unable to focus on the benefits that such borrowing brings, or to contemplate the truly horrendous alternative without it.

Stephen Hammond (Wimbledon) (Con): I have been listening carefully to the right hon. Gentleman's arguments about forecasting errors. That implies that the Treasury's forecasting is so bad that we should not take any notice of it.

Mr. Hain: The hon. Gentleman will know if he looks at Treasury forecasts that under all Governments, there is always an element of error. The point that I was making is that the amount is much more significant than all the figures being flung about by the Conservatives and their media allies.

Several hon. Members *rose—*

Mr. Hain: Given that, like others, I am time-limited, I shall make some more progress.

It was only a few years ago that Britain finally finished paying off its 1947 American loan that helped to pay for post-war reconstruction. It took us more than 50 years to do so. Does anyone seriously say that we should not have borrowed on a substantial scale to rebuild the nation's social fabric shattered by the war? Perhaps there are some Conservatives and media commentators who sympathise with Johnny Speight's character Alf Garnett, who criticised Winston Churchill for failing to get an estimate of the costs before fighting the second world war.

As with mortgages for owner-occupied housing, good investments are things that are worth more than they cost to acquire at the time. Who can seriously argue that Governments who borrow to prevent a depression are making a bad investment, as the Conservatives appear to be saying? They have failed to learn the grim lesson of the 1930s that cutting Government spending during a recession only makes the economic situation worse, causing total spending in the economy to fall even further, resulting in more redundancies, higher social security spending and even higher Government borrowing and debt. Spending cuts in today's circumstances would be a self-inflicted wound that would weaken, not strengthen, our ability to recover. They could turn business parks into gone-out-of-business parks and trading estates into ceased-trading estates.

By contrast, we see higher public spending and increased Government borrowing to ward off recession as the right role of the state now. In our view, Government's job is to provide a safety net in troubled times, support and opportunity for the good times, and security and protection at all times, not to leave people in the lurch to

[Mr. Hain]

fend for themselves, which the Conservatives would do. Of course the economy needs to be brought back into balance in the future, but the overriding priority today is not Government debt. It is the danger of depression and rising unemployment. The bond market must take second place to the labour market.

Dr. Ian Gibson (Norwich, North) (Lab): Will my right hon. Friend give way?

Mr. Hain: Tackling the threat of slump, which means combining vigorous fiscal and monetary policy with unconventional measures to restore the flow of credit, is vital to recovery. Of course, once we have warded off the threat of recession or depression there is no escaping our responsibility to bring the public finances back into shape in the medium term, as the Chancellor has made clear. That must mean reshaping the subsequent trajectory of Government spending and taxation, which means cuts in some past plans, deferring other ambitions and raising some taxes on a fair basis. But today's problems must come first.

The severity of the current threat to the world economy remains widely unacknowledged, despite the evidence of world trade falling faster than it did at the onset of the 1930s great depression, and despite industrial production plunging all over the world, including in the UK. There is reluctance on the Conservative Benches to admit that this recession is different from every other post-war recession, both in its origins and in its scale. [HON. MEMBERS: "It is worse."] Indeed, and it is much more serious because of the global financial crisis that the Conservatives refuse to acknowledge. There is a refusal to accept that we are passing through extraordinary times that demand an extraordinary response, with action on a scale unprecedented in the post-war period.

It was Franklin Roosevelt's new deal public works projects, combined with bank reforms and monetary measures, and not cuts, that first triggered the American turnaround that began in 1933, and then fuelled expansion over the next four years.

I have been impressed by the advice given by that lone voice on the Bank of England Monetary Policy Committee, David Blanchflower. He was the first to warn of the danger of recession and the first to call for early interest rate cuts. He has proved consistently correct in his reading of the economy. His most recent warning is that, without strong fiscal action, precisely of the kind that the Chancellor announced last week, today's downturn could fall further and last longer than any recent recession, causing UK unemployment to soar towards 4 million next year, potentially condemning a generation of Britain's young workers to years on the dole.

The Conservative party has an obligation to be straight with voters and with the House. The shadow Business Secretary can ooze warm reassurance with the best of them, but one has only to look at the shadow Chancellor to see that it is only a short way from guile to guilt. The Leader of the Opposition described the Government's record as being written in red ink. When will he show us the colour of his party's money? So far, all the public have been offered is counterfeit currency. The Conservatives have pledged to prioritise cutting Government debt ahead of tax cuts and to restrain Government spending, but the Opposition will not come clean about the huge cuts that would be needed if they were to achieve their ambitions. They have given headline-grabbing examples such as regional assembly abolition and senior public servant pay restraint, but those savings would barely register on the spending Richter scale. More ominously, they propose cutting tax credits for middle-income families and the pay of nurses and teachers. Those people are at the economy's centre of gravity: squeeze them and we squeeze the whole economy, as well as damaging vital public services.

Mr. Philip Hammond: I am listening carefully to the right hon. Gentleman. He knows that the figures that the Chancellor set out in his Budget last week, after taking into account the increases in benefits and debt service costs, equate to a minus 2.3 per cent. rate of growth in departmental expenditure budgets—a 2.3 per cent. real-terms cut in departmental expenditure budgets. The right hon. Member for Neath (Mr. Hain) may have an inside track, however, so does he know where the Government will allocate those unprecedented cuts in departmental budgets?

Mr. Hain: One thing that is absolutely clear is that if the hon. Gentleman ever got his hands on the Chief Secretary to the Treasury's job, the cuts would be savage—way beyond the efficiency savings and restraint that will have to be implemented.

The Tories talk a good fight on debt, but, on public spending, would they revert to Margaret Thatcher's policy and abandon Labour's pledge to restore the link between the basic state pension and earnings? Would they reduce the pension credit that helps the poorest pensioners? Would they raise the age at which people qualify for free prescriptions? Would they bring in charges for public services, such as visits to the doctor, or lift the ceiling on student fees in universities and colleges? Would they scrap teaching assistants in schools? On debt, if the Tories were to match their rhetoric with their actions, the cuts for low and middle-income Britain would have to be savage.

The lobby group Reform has proposed a £30 billion cut in Government spending next year to give the Tories' plans a flying start, and £30 billion, by the way, corresponds to 2 per cent. of GDP—exactly the amount by which the Tories cut Government borrowing in their 1981 Budget, which saw unemployment soar above 3 million and stay there for four years. So, perhaps it is not such a far-fetched figure if we want to divine the Tories' true intentions.

Let us look at Reform's list: a 10 per cent. pay cut for all doctors and NHS managers, with £1 billion saved; scrapping winter fuel payments for pensioners and ending free TV licences for the over-75s, with another £3 billion saved; abolishing universal child benefit and targeting it on low-income families, saving £7 billion; and raising the interest rate on student loans to market rates, with another £1 billion saved. Pretty soon, we will be talking serious money, and the group has not even started scrapping pay deals for local government workers or cutting public sector pensions, as the Conservatives have promised.

The media have given the Tories a really easy ride, so the Conservative leader will not say where they will cut public spending, and they will not come clean on taxes.

So, let us look at their record in office for a few clues. The first Budget of Margaret Thatcher's Administration saw Geoffrey Howe almost double VAT from 8 to 15 per cent. to pay for income tax cuts. The first Budget of John Major's Government saw Norman Lamont raise VAT again, to 17.5 per cent. to pay for the poll tax. Can the shadow Chancellor deny that he is considering raising VAT to 20 per cent. if they win next time to cut Government debt and pay for the cuts in inheritance and income taxes that he has promised? Can he rule out dropping zero rating for food, fares and children's clothing?

The Tories have cultivated the image of "compassionate Conservatism". We heard that phrase first from George Bush, and we know how destructive his policies were. At Davos, the Conservative leader promised "capitalism with a conscience", but it would be with a guilty conscience. Two days before the Budget, a *Financial Times* editorial noted that tightening fiscal policy now might deepen the recession and worsen the subsequent fiscal outcome—what it termed "futile masochism". Yet, what does the Leader of the Opposition want? He wants exactly such spending restraint. And when does he want it? Now. That is what he said in his reply to the Budget. By driving the economy into depression, the Cameron cuts would shrink tax revenues and swell social security bills. The outcome would be the opposite of what he has promised, meaning even higher Government borrowing, yet more national debt and mass misery for millions sacrificed on the altar of right-wing Tory dogma.

Despite that, the media in general and, sadly, the BBC in particular have dutifully followed the Leader of the Opposition like lapdogs. They treat all Government borrowing as bad, irrespective of circumstances, and hardly bother to examine the terrible consequences for jobs and living standards of the Tory alternative. It is as if the whole economic debate were being filtered through a single, false prism of debt, and that is quite absurd.

Yes, this Budget is a tough one, but it contains the seeds of hope. The Conservative alternative would not simply be tough, it would be disastrous, sowing the seeds of abject despair for millions and driving Britain backwards.

6.6 pm

Dr. Vincent Cable (Twickenham) (LD): We are dealing in this debate with two overlapping crises, both of them very serious. First, there is the slump, which is causing large-scale unemployment and requires activism at Government level, not just through fiscal policy but, certainly, including it; and, secondly, there is the looming and truly enormous problem of the budget deficit, which is on a scale—revealed last week—that we cannot treat as anything other than critical. I regret that the right hon. Member for Neath (Mr. Hain), many of whose early comments I agreed with, did not take sufficient account of the seriousness of that problem and of the choices that we will all have to face because of it.

I shall begin with the unemployment situation, which is where the debate started. Then, I shall proceed to wider economic matters, leading to my conclusion. We face the reality of unemployment increasing by 100,000 a month, and the prospect, on a fairly conservative forecast, that one in 10 of the labour force will be out of work by the end of the year. The situation will be concentrated in certain areas. This lunchtime I had a meeting with construction industry representatives, and they think that 500,000 of their employees will be out of work by the end of this year. That will bear particularly heavily on young people. I—like colleagues from all parts of the House, I am sure—was recently in discussions with local universities, and, in the wake of the milk round, many estimate that, this year, one in two of their graduates will not have jobs to go to. A lot of pain will be concentrated among them, as well as among less well educated young people.

It is fair to say that the Budget contained a series of measures that, in themselves, were perfectly desirable and sensible, such as attempts to stimulate the economy and, therefore, employment in different ways. The problem with many of the specific measures, however, was their extremely small impact. I shall touch on two measures. There is the proposal for investment allowances, which are eminently sensible, a response to requests from the business community and welcome in themselves. There was also a useful advance on trade credit insurance, but the problem is that it comes very late in the day—three months after the French introduced a similar scheme—and trade insurers now tell us that they will not implement the top-ups under the scheme. They are not satisfied with the data—the annual accounts of companies—that are available to them, so there is continued credit restriction in that field.

The problem with the Budget, faced with rising unemployment and the need to do something about it, can be summed up by what the Government did on social housing. With a bit of a fanfare, they announced £100 million for council housing, but, when we break that down, it means 600 to 700 houses throughout Britain, or two per constituency. One might say that that argument is unfair, because the announcement comes on top of the pre-Budget report, which, if fully implemented, would probably give us 6,000 to 7,000 houses throughout Britain; however, given the scale of the problem, the contraction of the construction industry and the 1.7 million people on home waiting lists, we are talking about small drops in large oceans.

We recognise the financial constraints that the Government are operating under, and that if resources were to be channelled into job creation schemes, it would have to be done by stopping something else. We have therefore argued that the Government should stop the cut in value added tax. We understand why they did it—they were in a panic in the autumn and had to do something quickly—but it soon became apparent that it was not working. It was not feeding through into employment—a lot of it was ending up absorbed in retail margins. Now, we can reflect on that evidence, stop the cut and redirect that funding into focused programmes. Social housing would be the most important area, and it could be done quickly because the institutions are already available. Amplifying the home insulation programme would provide environmental benefits, as well as jobs and the creation of an asset.

David T.C. Davies (Monmouth) (Con): I am listening to the hon. Gentleman with interest. He is outlining certain things that his party would like to do, but he is not saying whether the total amount of borrowing and selling of gilts would be higher or lower if it were in office.

Dr. Cable: As I said, we are suggesting cancelling the VAT cut to provide funding for social investment. There is also an argument for maintaining the flow of public investment through the cycle; that is a separate issue, and we can go on to discuss its implications.

What is absolutely crucial is what is happening in the banking system. The banking system is the elephant in the room. The measures that the Government introduced are of a minuscule proportion by comparison with the scale of lending decisions by the now semi-nationalised banks. Just to remind ourselves—I have often said this in the past—the semi-nationalised Royal Bank of Scotland has a balance sheet one and a half times bigger than the British economy. It follows that any of its lending decisions far outweigh the fiscal stimulus, or whatever the Government call it, that originated in the Budget.

Two worrying aspects of the controversy regarding the banking system arose during Treasury questions today. First, there is a complete lack of clarity about the potential losses resulting from Government intervention in the banking system. We fully supported that intervention, which had to happen. We do not agree with some of the more recent developments, such as the asset protection scheme, but the intervention last October to put fresh capital into the banks was absolutely essential. However, we are now getting wildly different estimates of the potential losses. The Government have said—it was confirmed in Treasury questions—that the estimate was at the top end, in the order of 3 per cent. of GDP, or about £50 billion. The IMF, even with its qualified and reduced numbers, is talking about £130 billion; £85 billion is a large margin of error, by any estimate. We need some thoughtful figures from the Treasury about what the implications of that would be. Who would bear those losses? How much would accrue to the Treasury? How much would it affect its debt and deficit estimates in the years ahead? There is an enormous black hole over and above the deficits and debts that have already been predicted, and we need to think about that.

The second, more immediate worry is the Government's decision—apparently—to proceed with the rapid sale of Northern Rock. The Chancellor said in Treasury questions that he was not in any hurry, but if that is so, why is Credit Suisse going round the City trying to market it? The Government are clearly planning a sale of the bank. I have no objection in principle to its re-privatisation—we argued from the outset that it was a temporary nationalisation—but to sell it now, in depressed asset markets, is absolutely criminal. It means that the taxpayer will get a very poor return, and there will be very large and unnecessary losses. All the experience that we have learned from other countries that have been through this process, such as Sweden and Israel, is that if Governments show patience and sell off their good banking institutions at the end of a crisis, they can realise many of the losses that they have incurred on the taxpayer's behalf. The Government must not rush ahead with this sale. Quite apart from the financial aspects, Northern Rock, after a somewhat uncertain start when it thought that its job was simply to run down its books, is now lending—it is one of the few banks that seems willing to do so in otherwise depressed markets. It seems beyond comprehension that they should be considering selling it off when it is doing something useful. I hope that the Chief Secretary will be able to elaborate on what the Chancellor said, because the hints that are coming out are very worrying.

Let me move on to the core issue, which is the scale of the deficit—the 30 per cent. of GDP borrowing requirement and the 10 per cent.-plus of GDP budget deficit going forward. That is bad enough in itself, but we know from the numbers that have emerged that it is unlikely to be reduced in any foreseeable time scale unless we make heroic assumptions about the rate of economic growth. I have debated with the Chief Secretary in the media and elsewhere how implausible some of us think these assumptions are. I think that her view—I do not know if it is the Government's—is that there will be a bounce-back in the economy in much the same way as happened in the last two recessions under the Conservative Government. However, there is a fundamental difference, because in those two recessions, unlike the present one, the banking system was not burnt out. We are now dealing with wrecked financial institutions, which means that we cannot assume that the economy will return, as it would normally, to that kind of growth rate.

Dr. Gibson: The hon. Gentleman is painting a gloomy picture, but there are rays of sunshine, are there not? In the insurance industry, for example, he will have seen that Aviva, the parent company of Norwich Union, is boasting that people trust its products and have stuck with them; indeed, savings have increased, and its figures look good at this point. We can be miserable and say that we do not know how things will improve, but that is happening in certain places. Because of good management and good structures, even a FTSE company such as Aviva can survive.

Dr. Cable: That sounds like a very good story, but it does not have anything to do with the revival of economic growth, which is what we are discussing.

There are some positive things in the public sector figures; following the hon. Gentleman's theme, I will be positive, as perhaps I have been too negative. One very positive statistic, which the Government have not made enough of, is that this year the share of taxation in GDP has fallen to the lowest level for half a century. I do not know whether the Government are aware of this, but they have achieved something that Mrs. Thatcher would have given her right arm for. They have cut the tax burden on the economy to an extraordinarily low level: that may not have been planned for, but it is a real achievement. However, there are two stings in the tail.

First, while the tax burden in the economy has been dramatically cut, expenditure has not. Whereas the tax burden is at the lowest level since 1960, when Harold Macmillan was Prime Minister, expenditure as a share of the economy is now 48 per cent., as opposed to 35 per cent. for tax. That is the highest level since the Falklands war, when we previously had a peak in this respect. Clearly, we will have a symbolic breakthrough when we hit 50 per cent. of GDP as expenditure in the next year or so.

The other major explanation is that it has not been done in a planned way and has happened simply because of the collapse in Government revenue. However, I would say in the Government's defence that this is a long-standing problem; it did not just happen over the past 10 years. We have an economy that has, over the past quarter of a century, become seriously over-dependent on income from the City of London and from the housing market. Over the past five years, when some of

us have been warning about the vulnerability of the British economy, the Government relied on those two sources alone for half of all the increase in their revenue. Of course, they have now evaporated.

Mr. Frank Field: The hon. Gentleman says that the level of expenditure is at about 48 per cent. Did he see table C7 in the Red Book, which shows that even when the Government hope that the economy will be all singing and dancing again, they only get tax revenue back up to just over 38 per cent., so the structural imbalance that he is talking about is projected forward by the Government?

Dr. Cable: Indeed, and depending on one's point of view, that is a source of celebration or of enormous anxiety. I believe that it is a source of anxiety, given the difficulties of funding it.

The other reason why this problem is not just a short-term one—it is easy to blame the Government for being complacent, but it goes back much further—is clear from the numbers emerging from the Budget and the Red Book. The underlying weakness of the public finances has been clear for many years. If we go back to the beginning of the 1990s, the net worth of the British Government's stock of assets was about 80 per cent. of GDP. It then fell to about 20 per cent. in 1997, as the Government essentially kept the deficit down through asset sales. According to the Government's new projections, the British state will go into negative net worth in two years. In simple, common-sense terms, that means that if all aspects of the British Government were put on the market—all their land, property and equipment—they would have to pay somebody to take them away. That suggests the seriousness of the problem that we face.

The implications of that are serious. Harsh choices will have to be made about both taxation and public spending. We have taken the view that the burden of those hard choices will have to fall on public expenditure. I shall develop that point in a few moments, but in both cases the choices will be very difficult. There will be tax increase proposals, some of which, such as the fuel duty increase, we will not oppose given the extremity of the situation. In such cases, measures need to be taken to protect people who are particularly vulnerable. That is why we will again propose a rural exemption based on the EU rules, to help people in remote rural areas who will be damaged by the situation. None the less, we will not oppose the principle of such increases.

The big tax controversy that has emerged in the debate is the 50 per cent. tax rate. Perhaps I should say that I am exceptionally well qualified to talk about that, having argued both sides of the case in recent years. Having had that experience, I am reasonably well equipped with the arguments. I and my colleagues have no objection in principle to high rates of taxation on very wealthy people to fund a more equitable society. That seems absolutely right. The problem is that such things will stick only if the many tax loopholes are dealt with.

The Government have tried to deal with pension tax relief, although that has created a more complicated system. The big loophole that is outstanding is due to the enormous disparity between tax on earned income and tax on capital gains. We have made the point over and over again that we should return to the wise system introduced by Mrs. Thatcher and Nigel Lawson, when the two were equalised. There is now a yawning gap between the two, and anybody in the City approaching their bosses for a discussion on bonuses will immediately ask, "What's the point of my paying 50 per cent tax on my marginal income when I can convert it into stock and pay 18 per cent. on any capital gains that accrue as a result of the recovery of the stock market?" That is obvious, and they probably do not even need an army of tax accountants to help them do it.

I understand, although I was not there, that in the Treasury Committee this morning, Treasury officials conceded that as a result of such continuing tax loopholes, the Government would be able to collect only something in the order of 30 per cent. of the potential revenue from the income tax increase. Even their own estimates take no account whatever of the decline in indirect taxation that will be the result of the change. Our view is that the Government have missed a major opportunity to have a much more broadly based, but more equitable, tax system. They could indeed have a higher tax take from high-income groups, but with an optimum maximum tax rate of probably about 40 per cent, provided that they closed all the loopholes associated with it, whether on pension tax relief or capital gains tax. In that way, they would raise substantially more revenue, which could be used to lift people on low incomes out of income tax altogether. That is our broad approach to the problem.

Mr. Edward Timpson (Crewe and Nantwich) (Con): Is not the tax rise announced in the Budget about which we should be most concerned the rise in national insurance contributions, and the fact that anyone earning £20,000 or more will be worse off as a result?

Dr. Cable: In many ways, that is consistent with what I have said about the need to lift people out of income tax. National insurance on employees is a form of income tax, and we can debate whether we should operate through income tax itself or through national insurance. We certainly want any revenue raised from high-income groups to be used to reduce the tax burden. We have argued that that should be done through income tax, and no doubt the hon. Gentleman would argue that it should be done by reducing national insurance contributions for people on low pay.

It is clear that there will be cuts in public spending in this Budget. That point has been accepted. There have been exchanges at the Dispatch Box about the £5 billion a year additional efficiency savings, and I ask the obvious question why, if the Government knew that there were inefficiencies and that money could be saved, they have tolerated them. If they are genuine efficiency savings, why are they necessary? They are not efficiency savings—we know that they are just a camouflage for real cuts, 60 per cent. of which, incidentally, will be in the national health service. That is clearly part of the plan.

The other big cuts that are coming down the track are in public investment. That suggests to us a need to approach the public spending crisis in a much more thoughtful way. The danger is that Governments of any party will resort to the traditional reflex action when faced with a public expenditure crisis. They first cut money to local government, because there is usually another party running it and it is less painful to central Government. The next step is to cut public investment,

[Dr. Cable]

because that loss is usually borne by the private sector. Then there is the salami-slicing approach, whereby they choose a growth rate cut and let it work its way through its system, usually resulting in cuts to front-line services.

That is why we are arguing, rather differently from the right hon. Member for Neath, that we need to examine big chunks of public expenditure, some of which are popular and attractive, that are not sustainable under the present conditions. I should perhaps own up to the fact that I was at the launch of the reform document that he referred to critically. I disagreed with many of the specific proposals in it, but it did a valuable service in getting us away from all the waffle about the need for more austerity and general reductions in spending, and saying, "Well, if you're going to make cuts, these are some of the things that you should be looking at." Perhaps, having considered cuts to a lot of the things that he mentioned, we should not pursue them, but it was right for the report to point out the areas on which we need to focus.

Mr. Hain: I am very interested in what the hon. Gentleman is saying. Like many other people in the country, I follow what he says on this subject with a great interest. However, he seems to be opening the door to the Liberal Democrats following exactly the policy of the Conservatives—swingeing cuts in some of our most essential areas.

Dr. Cable: I hope that we would not be in that position, but we can avoid that only if we are explicit about these things. I hope that the Conservatives will be equally explicit, and that is the debate that we need to have. There has been some encouraging forward movement in the past few days, such as the suggestion that defence programmes that had not previously been mentioned are suddenly going to be cut, so progress is being made on all sides.

Among the matters that we have highlighted—I am sure that there must be other relevant matters—is one that I raised in a previous debate, the future of public sector pensions. I was shot down from all sides, but then the following day I noticed that the Leader of the Opposition took up the same theme. There is a growing consensus that we cannot continue with the existing arrangements. They will have to be dealt with, and it will be difficult and controversial.

We have made similar arguments about tax credits, about which there has been a lot of discussion in the Chamber. I recognise that when they were introduced, they were an enlightened step forward and one of the Prime Minister's genuine creations, and one should not disparage them. They have been extremely complicated and faulty in their administration, but I do not deny the vision behind them. However, a system costing £20 billion that includes people with incomes of up to £50,000 cannot be sustained on its present scale, and we must consider how it can be cut back.

Mr. John Hayes (South Holland and The Deepings) (Con): I am interested in the hon. Gentleman's approach, with its asymmetrical reduction in public expenditure, but it assumes that public spending is mostly good and that there is no waste or inefficiency across the board. If it does not make that assumption, focusing on some matters and not on others will leave an immense amount of inefficiency and waste unexamined and untouched.

Dr. Cable: The approach that I suggest is rather superior. It is so easy to hide behind generalised waste. Throughout my fairly long political life, Opposition parties in local government and national Government have campaigned on cutting waste, which is difficult. Perhaps the hon. Gentleman would like to consider his party's history. In the 1927 or 1928 election, its members all campaigned as Conservatives and as waste reduction candidates. We have been here before. It is a way of disguising real choices. My approach may propose impossible dilemmas in some cases, but I believe that it is superior.

Stephen Hammond: The hon. Gentleman speaks about real choices and a thoughtful and non-waffly approach. The Liberal Democrat party has a policy of getting 50 per cent. in higher education, while scrapping top-up fees. Will the hon. Gentleman abolish top-up fees?

Dr. Cable: I have argued that we cannot continue with the commitment to 50 per cent. in higher education. Whatever the arrangements for the fee-paying structure, the numbers are not feasible and all parties must retreat from the commitment to one half of the young population going through higher education. That is simply not sustainable. I will happily add that to my list.

The defence budget is another subject that has opened up interestingly in the past few days. For example, I note that one of Mr. Blair's former colleagues has opened up the future of nuclear deterrent expenditure and there are issues about different weapons systems. We must have that debate.

Mr. David Gauke (South-West Hertfordshire) (Con): On the point that my hon. Friend the Member for Wimbledon (Stephen Hammond) made, it is Liberal Democrat policy to scrap top-up fees. Does that remain the policy? If we are to be credible about reducing the burdens on the state, additional items of expenditure need to be tackled.

Dr. Cable: It is a commitment, but its affordability depends on the number of people who qualify. There is an argument about how that number is fixed, and we will address that. It cannot be done on the basis of unrestricted admission and low standards.

Mr. Frank Field: I am grateful to the hon. Gentleman for allowing me to intervene and I think that the country is grateful to him for starting the debate about how we balance our books. Let us consider the simple arithmetic: the Government estimate that, by 2013-14, we will raise only 38 per cent. of national income through tax—I say "only", but it is a lot for our constituents—yet we are spending 48 per cent. The review must go way beyond even the hon. Gentleman's list if we are serious about balancing the books and protecting our currency so that perhaps the Government succeed in unloading the shed loads of debt.

Dr. Cable: I do not deny the right hon. Gentleman's argument. Indeed, he and I have tabled a motion on the Order Paper today, expressing his anxieties and saying that we must rise to the challenge.

In conclusion, I want to refer to the process whereby we pursue matters, as opposed to substance and specific items. In the past, we have said that there needs to be an advance in the discussion of Government budgets and fiscal policy, comparable with that which made the Bank of England independent. For 20 years, Governments in this country and elsewhere struggled with inflation and having an inflation anchor. The concept of independent central banks has been implemented and will be important in the UK as the economy recovers and we get back to inflation. We have nothing comparable for fiscal policy apart from the rules, which have been widely disregarded. Part of the answer, as the Liberal Democrats argued five years ago, is an Ofsted-type system, which has oversight of fiscal rules and their implementation. The Conservatives have devised a variant of that, which is interesting in its slightly different way. However, the House is missing in all that.

It is striking that we will move from the debate to weeks of intensive discussion of tax proposals in infinite detail, but, apart from the Public Accounts Committee, which the hon. Member for Gainsborough (Mr. Leigh) chairs, there is no systematic discussion in the House of public spending, unless it happens retrospectively. We must introduce a process whereby hon. Members hold a mature debate on the subject and preferably approve or disapprove public expenditure. That is currently missing. It is partly a question of debating points and identifying the items, but we must all recognise that we have a responsibility here to start focusing on that debate, which is currently non-existent.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): I remind all hon. Members that Mr. Speaker has imposed a 15-minute limit on Back-Bench contributions.

6.36 pm

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): It is a pleasure to follow the hon. Member for Twickenham (Dr. Cable). At least there is some consistency in his comments about public expenditure and the commanding heights of the economy. It leads me to conclude that our Government have acted wisely to deal with the banks.

It pains me to criticise the right hon. Member for Maidenhead (Mrs. May) because she presented her case with some charm, if little conviction. There was a time when we had 3 million unemployed under the Conservative Government. We were told then that

"the lady's not for turning."

Today, it was a case of the lady's not for telling. We did not hear much more about the Opposition's policies. *[Interruption.]* Would the hon. Member for Bournemouth, East (Mr. Ellwood) like me to give way, or do Conservative Members intend simply to sit and heckle, as they did disgracefully while my right hon. Friend the Member for Neath (Mr. Hain) was speaking?

Mr. Ellwood: The right hon. Gentleman knows that I have a lot of respect for him, but I am concerned because, as has been said time and again, the debate is about the Budget—Labour's Budget. It is not about Conservative plans. If Labour Members want to hear about Conservative plans, they should call the election.

Mr. Clarke: I well understand why the hon. Gentleman does not want to speak about Conservative plans. However, in our democratic assembly, we pay the Leader of the Opposition not only to criticise the Government constructively, but to tell us and the British people the alternatives that he offers. Today, we are again bereft of that.

I want to talk about the Budget and to thank my right hon. Friend the Chancellor for some of the specific measures that are proposed at a time of international crisis. For example, £100 will be added to every disabled child's trust fund, with an additional £200 for the most severely disabled. The great merit of that is that we know that the money will go to disabled children and their families, unlike the £34 million that went to Scotland—we know not where it is now.

Of course, I want to speak about the downturn, which has dominated our thinking. My right hon. Friend the Member for Neath was right—I am glad that he said it—that even the BBC refers to "Labour's recession." Only a few weeks ago, the G20 was held in London. Countries such as China, America, France, India, Brazil and many more were represented. Were those representatives there to talk about Labour's recession, or did they accept the case for dealing with the global downturn, which means working together and not splitting hairs in the way in which we have done again in today's debate?

The reality, as the Chancellor told us at an earlier stage, is that because of the downturn, 90 million people will fall below the poverty line. We are entitled to deal with that, as well as responding to the views of our constituents. It is no comfort to the British people during this global downturn to look at Germany, Ireland and Iceland, which were being held up as beacons of economic progress, the latter particularly in Scotland. Where are they now? I wish them no ill, but they are facing the realities of the global downturn, and so should we be.

In my constituency people want to know, quite rightly, how the Budget relates to them. They do so in the knowledge that we have had a Conservative Government in most people's lifetime—that is certainly true for everybody in the Chamber and for most of my constituents. What happened? There were 3 million unemployed and the county of Lanarkshire, including Ravenscraig, Gartcosh and Caterpillar tractors, was devastated. Small firm after small firm seeking to serve what were once great engineering and shipbuilding industries found that their talents, ability and commitment were regarded as a price worth paying. I do not believe that unemployment is ever a price worth paying, and I am glad that such a view is certainly not central among my colleagues on the Front Bench.

My mind went back in the Budget speech to some earlier Budgets, when I had been sitting beside my late friend and constituency neighbour, John Smith. He would say to me that he judged a Budget by how it impacted on an ordinary person in his constituency. That is how we ought to be talking about the important initiatives contained in this year's Budget.

On housing, I welcome the extra £500 million in spending, including the extra £100 million for local authorities to build more energy-efficient homes. That is a progressive step. On child benefit, the extra £20 in child tax credit will benefit more than 12,000 families in Coatbridge, Chryston and Bellshill, and I welcome it.

[Mr. Tom Clarke]

The elderly are pivotal to the policies of this Government, as we seek to take people out of poverty. The winter fuel payment, which has done more than anything else to alleviate fuel poverty in my constituency, is to stay at its new higher rate. However, it is time for the energy companies—the electricity and gas suppliers—to respond to the Government's concerns and the actions that we have taken to remove fuel poverty. There is also statutory redundancy pay in the Budget for those who are unfortunate enough to be made redundant. Extra help will now be available to them, with the payment rising from £350 to £380.

We are being asked in the light of this crisis what strategy our Labour Government have. They have made that clear by their very actions. It was a fellow Welsh MP, as my right hon. Friend the Member for Neath will recall, who asked, "Why look in the crystal ball when you can read it in the book?" Just as we know about the Opposition's policies, which we witnessed when they were in government, let us look at what was delivered this week, among many other initiatives: investments in our future; £1.64 billion of tax relief for business investment; £600 million of extra money for pensioners; £590 million of help for the unemployed; £400 million for the strategic investment fund for business; and £380 million in measures to combat climate change. That hardly sounds to me like a Government who are doing nothing or one who are simply being told that they are wrong, with no ideas whatever coming forward to deal with the current credit crisis.

Christopher Fraser: On the right hon. Gentleman's point about investment in business, does he accept that the inability to secure such investment is ensuring that businesses lay off staff, creating more unemployment as a result?

Mr. Clarke: The business people whom I meet in my constituency are well informed enough to know that there are problems internationally, as I have said. However, they also know that if, for example, this weekend's speech by the Leader of the Opposition—I listened for what their policies were; he talked about austerity—means cuts in public expenditure on housing, education, local government, transport and the rest, it will be the small firms above all that will suffer. Indeed, that was the Conservatives' record when they were in office. I will give way if any hon. Gentleman wants to intervene.

Mr. Philip Hammond *rose—*

Mr. Clarke: Hold on, if you don't mind.

Mr. Hammond: The right hon. Gentleman said that he would give way.

Mr. Clarke: Yes, I will, but I am making my speech in my own way. The hon. Gentleman was asked specific questions on "Newsnight" that he could not answer. I give way so that he might try to answer them now.

Mr. Hammond: I do not think that it is the general practice in this House that hon. Members giving way in a debate can make conditions about the interventions to which they gave way. The right hon. Gentleman used the word "austerity". Would he characterise a freeze in real-terms public expenditure as a period of austerity? My right hon. Friend the Member for Maidenhead (Mrs. May) was describing the circumstances that the nation is facing as a result of the crisis delivered upon us by this Government.

Mr. Clarke: The hon. Gentleman is not even on message. It was his own party leader who talked about austerity. If we are going to have austerity, the hon. Gentleman will have to be much more open, as his right hon. Friends ought to be, about what exactly that austerity means.

I come back to the Budget, Madam Deputy Speaker. The decision to put up the top rate of income tax is a difficult one for the Chancellor. I understand that. However, it is not a difficult one for my constituents. Folks in my constituency find it easy, because they know that once again, it is low earners who are losing their homes and jobs. It is they who are being asked to make sacrifices, unless we have both the fairness and the strategy, which I believe is based on decency, that the Chancellor has offered in his Budget.

Mr. Philip Hammond *rose—*

Mr. Clarke: No, I am not giving way any more. There are others who want to speak.

Public expenditure is important. Why should we hit people with a double whammy, by cutting the numbers of doctors, nurses, teachers and policemen in our communities, which would be the consequence of cutting public expenditure yet again? The Government are accused of not fixing the roof when the sun was shining. Let me tell the hon. Gentleman that there were indeed cases when we did not fix the roof. I remember going round the schools in my constituencies under the previous Government and seeing buckets along the corridor because rain was coming in. I remember the dampness and the kids going to outside toilets.

I will tell you what we did, Madam Deputy Speaker. In my constituency alone, there has been one new school for every year of this Government—a record of which I am immensely proud. We demolished the schools: we razed them to the ground and built brand new ones. This week I visited Coatbridge college in my constituency. When Opposition Members have time to go and see how real people live—*[Interruption.]* The hon. Gentleman is betraying the manners that he was taught at school. We are told about all the money spent on private education, but nobody in my constituency would be so rude as to interrupt a Member of Parliament, and the hon. Gentleman would be well advised not to do so either.

We took action to build our economy—action to introduce 2 million new jobs and give young people opportunities. I welcome very much the initiatives in the Budget that apply to 15 to 18-year-olds and others. I refer the hon. Gentleman to my maiden speech on 14 July 1982. I would be ashamed if we returned to a situation similar to the one about which I informed the House in that speech, in which for a job for a young person in the then Strathclyde regional council area, there were 2,500 applications. Are we going back to those days? Not if we in the Labour party have anything to do with it.

I believe that the Budget was carefully considered and that it reflected the agreements made with the other G20 countries. Those agreements were essential, because this crisis will not be solved by one country alone. I believe that we should be entitled to look the other developed countries in the eye, and to look to the developing countries and to our own people when this crisis is over and say, "Yes, we did give a lead, and it was based on fairness and justice." It is a lead that I look forward to the British people making their decision on, just as we will make ours tonight.

6.51 pm

Mr. Edward Leigh (Gainsborough) (Con): It is always a pleasure to follow the right hon. Member for Coatbridge and various other bits of Lanarkshire that I do not remember (Mr. Clarke). I would say to him that no one denies that we are facing a worldwide recession; the debate is about why we are uniquely badly placed to meet it. The Chancellor tells us that we will get through the crisis. Of course the British people will get through it; we need to ask when we will arrive at the calmer waters that we all want to reach, given the £45 billion black hole in our budget. Even the Institute for Fiscal Studies, with all the expertise that it can bring to this subject, finds it difficult to understand where 50 per cent. of the resources to fill that black hole will come from. It refers to measures "yet to be announced", and we would have liked to hear the Secretary of State announcing the measures to plug that black hole here today.

As Chairman of the Public Accounts Committee, I should like to give the House some of my own personal thoughts on how we should deal with this issue. Those on the Treasury Bench have made some promises that I welcome. I welcome the promised £5 billion of efficiency savings for next year, if they can be achieved. I welcome the goal of £9 billion of back-office efficiencies by 2014. That is a laudable aim. I welcome the £16 billion promised in asset sales by the Government by 2015. That is to be encouraged, but can it be achieved? The hon. Member for Twickenham (Dr. Cable) asked why, if efficiency savings were so clear and so likely to be achieved, it took so long to identify them. The National Audit Office has proved again and again that only about a quarter of the efficiency savings claimed by the Government can actually be validated.

Mr. Love: Does the hon. Gentleman welcome the increase in the rate of income tax to 50 per cent. for those earning more than £100,000 a year?

Mr. Leigh: The hon. Gentleman knows perfectly well that I was not talking about income tax at all; I was talking about efficiency gains. If he is going to intervene, he should at least intervene on a subject that I am talking about in my speech.

I want to turn to the aspirations of the operational efficiency programme, which I welcome. It is a laudable proposal, but will it actually be achieved? The right hon. Member for Neath (Mr. Hain) tried to paint a picture of an incoming Conservative Government cutting vital services. Let me give the House some suggestions of savings that we might make that would not impact on ordinary people. For instance, why is the civil service pay bill running at 1.4 per cent. ahead of that of the private sector? Can we not cut out unnecessary machinery of government changes? The divorce of the Home Office and the Justice Department was very costly, like all divorces. Was it really necessary?

What about the army of consultants? There are five times more consultants per employee in the public sector than there are in the private sector. That is £10,000 for each civil servant who has a consultant. Do we need them all? Do we need the vast variation in the cost of office accommodation? I have asked before why the Treasury is the most expensive Department in terms of office accommodation. Why can we redeploy only 24,000 civil servants from central London? Could we not get rid of more assets? It is true that the Government got rid of £1.5 billion of assets last year, but they acquired many more. Funnily enough, among those few things that I have been talking about for the past minute or so, I have identified £5 billion-worth of savings, none of which would have any impact whatever on front-line services.

I want to put some serious questions to the Ministers about the detailed and important announcements that have been made. Will the value for money review group have the authority to make really tough choices? Will the Ministers' champions for money be able to say no to spending beyond their immediate control? Will the non-executive directors that we have been hearing about be able to stop wasteful spending when they see it? Will the public value programme have real targets, expressed in pound signs, and will it go far enough and fast enough? Those are a few questions for Ministers. If those detailed questions on efficiency savings and other matters cannot be answered in clear terms, we might be talking about a sticking plaster to deal with the black hole, rather than a real attempt to fill it.

I say to my hon. Friends on the Front Bench that if and, I hope, when we come to power next spring, they will be faced by the "Yes, Minster" syndrome. We all know that the mandarins will say, "Minister, what you are proposing is administratively impossible, legally inadmissible, financially unjustifiable and politically unacceptable." Anyone in the Chamber who has been a Minister will know that those are precisely the answers that the civil servants will give. We shall have to slay those shibboleths; we shall need to be very tough indeed.

The crisis is upon us. The hon. Member for Twickenham made that point very well, as did my right hon. Friend the Member for Maidenhead (Mrs. May). In the five short months since the pre-Budget report, the public sector borrowing requirement has increased by a staggering £280 billion—more than half as much again as the Chancellor's November forecast. As my right hon. Friend said, that is £22,000 for every baby now being born. My sister-in-law came in when we were having a family lunch last weekend and said, "Great news! We're going to have a baby." That new baby will have £22,000 of debt when he or she arrives in the world.

This is a real crisis. It is much more serious than party political banter. The fact is that the era of imperial spending is over, as is the era of sofa government, of back-of-the-envelope, of Tony Blair committing himself to a new national computer or whatever. That is all finished; it is over. There are such difficult decisions that we now have to make, not only about the NHS computer. Yesterday, the PAC was looking at the third sector, which has not been debated in the House this week.

[Mr. Leigh]

There has been a complete lack of accountability, with £500 million perhaps wasted. We are also considering the Chinook helicopter, GP and consultant contracts, the Olympics, the farce of the Rural Payments Agency and the farce of the Department for Transport's shared services. There has been so much wasteful spending.

Describing the Budget, the London *Evening Standard* put it well:

"It will surely be nowhere near enough to rescue the public finances. It is hard to see how further cuts are now unavoidable. Some cuts seem obvious: scrapping ID cards, for instance, and freezing plans for colossally expensive government IT upgrades. And there are far more cuts that could be made: a succession of reports from the Commons Public Accounts Committee has identified enormous waste in the public sector. Even then, further tax rises seem likely too."

This matter is just too important for the kind of intervention made by the hon. Member for Edmonton (Mr. Love). We are talking about a real crisis, real cuts in services and, probably, real tax rises.

Mr. Hayes: My hon. Friend is, as ever, making a persuasive, well-informed and well-structured contribution to our debate. The hon. Member for Twickenham (Dr. Cable) suggested that there might be different ways for Governments to approach these matters. How good have the Government been at taking notice of Public Accounts Committee reports? How responsive have they been to the work that my hon. Friend and his colleagues across the Chamber have done over the years, and how might that be changed?

Mr. Leigh: Members of the PAC are very proud of the fact that it is not partisan and that 90 per cent. of our recommendations are accepted by the Government, but the hit rate on delivery is not so great. As the whole Budget process has been mentioned, may I say that it is fantastically weak? When the President of the United States proposes a budget, Congress disposes. Our Budget process is one of the weakest in the world, so last year I proposed having a proper Budget committee. As the hon. Member for Twickenham was saying, we have to address these problems seriously. The Finance Bill will now go into Committee, where hundreds of amendments will be tabled but not one passed, where there will be no proper debate and where an average of a few seconds' consideration will be given to each amendment. That is not good enough for this democratic Chamber. When we are talking about a crisis on this scale, can we not have a proper Budget process whereby we debate these things properly?

I wish to make one point about how we are going to deal with the national health service and education. I firmly believe that spending on the NHS has to run above inflation to a certain extent, because of an ageing population and the ever-increasing cost of providing reasonable health care, but we must have firm cash limits and we have to trust professionals—the days of targets and of not trusting doctors must be over. This debate will not be reported; all of tomorrow's papers will be talking about swine flu. If that takes off, will anybody want to ask our opinion about it? Will they want to ask the opinion of NHS managers? No, they will want to ask the opinion of doctors; we have to trust professionals in the NHS and in education to deliver those essential services. We politicians constantly say how much we trust and admire professionals, but we constantly take decisions away from them in our schools and our hospitals—that is a debate for another place and another time.

I am reaching the conclusion of what I wish to say. What we now need is political courage. We must face down fantasy and face up to the real fact of the crisis before us. We must restore Prudence to her proper place and marry her to true efficiency. We must have lean government and we must be more disciplined. Some programmes will not pass muster—some will have to be cut. We should echo President Obama, who said:

"Where the answer is yes, we intend to move forward. Where the answer is no, programmes will end."

So courage will count. Some services will have to be withdrawn and we should have the courage to admit it; a lean government will offer less to some, but it will offer more to those genuinely in need.

Only the resolute, obsessive pursuit of lean government, line by line, programme by programme, will do. Out must go complexity and the farce of the tax credit errors. Out must go waste and Government computers delivering commands in German, as we saw in respect of transport shared services. Out must go the outright failure that has occurred in many programmes, such as the national offender management information system.

Making government lean, on its own, is not enough. We must ask the following of any programme: does it matter? The *Civil Service Year Book* lists 526 central Government bodies—26 bodies are involved in tackling childhood obesity alone. Yesterday, in the Public Accounts Committee, we learned that in respect of the third sector alone 60 civil servants are employed in the Cabinet Office—this organisation that delivers fantastically bad value for money. Although it may not be fashionable, we have to return to stern Gladstonian politics. We need a properly accountable Budget process and we must balance the Budget.

7.4 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): The hon. Member for Gainsborough (Mr. Leigh) is entirely right to say that given the extreme danger that we face from the size of the deficit, this Chamber desperately needs a new and much more rigorous democratic procedure for examining a Budget. That is part of the wider democratisation of this Chamber that is greatly needed. We need a much more thorough and comprehensive analysis of the entire range of options, bringing in experts who can give Members in Committee the full range of their expertise.

I wish to make a rather different point. The unrivalled imperturbability and the hallmark coolness of my right hon. Friend the Chancellor meant that he probably made the best fist of the Budget that he could, given all the circumstances, but I wish to set out why it is the wrong Budget and why it could and should be a very different Budget. The reason why the national debt has ballooned out of all historical proportions and why the cost of servicing it this year is thus so enormous is that the Government's response to the credit meltdown has been misconceived. They have been right to pursue the Keynesian strategy of increasing state expenditure to generate demand in order to head off a slump—my

right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) spoke powerfully to that end. The Tories have been wrong to advocate letting a brutal self-corrective capitalism play itself out, while keeping a very tight lid on any increase in the national debt incurred by remedial Government action. Having said that, the manner in which the Government have chosen to develop their strategy has been ill-advised.

As we all know, the Government's approach has been geared to splurging eye-watering sums on bailing out the banks—a staggering £1.2 trillion has been committed so far—in the hope that the banks would correspondingly expand their lending to businesses and home owners. In fact, the banks have been doing the opposite, by continuing to contract their lending. The relevant money supply measure of this lending—M4—fell from 16 per cent. in September 2007, when the crisis began, to the latest figure of just 3.5 per cent. in February.

One is forced to ask why the Government chose this particular route in order to stimulate the economy. I can assume only that it was because the whole power structure of neo-liberal finance capitalism is built precisely on this close nexus between the banks and the state. The trouble is that the concentration on preserving the current power structure as the first priority has led to the whole of the rest of the economy and society being exposed by the failure of this policy. What the Government should have done—and should still do now—is focus their fiscal stimulus, which I strongly support, directly on businesses and home owners, and not through the intermediation of the banks. A much more stable, less costly and more rewarding Budget would thus become possible.

Mr. Hayes *rose—*

Mr. Meacher: I shall advance this argument considerably, but I am happy to give way at this point.

Mr. Hayes: The right hon. Gentleman is making a very good point about the paucity of economic modelling that assumes a very traditional relationship between low interest rates and a resultant level of credit and borrowing. What he perhaps might take on board is that that modelling no longer applies, because it is clear that although the stimulus that he described was designed to encourage greater lending, because of the perversity of some of the lenders its effect has been much less than predicted.

Mr. Meacher: There are many reasons why the banks are not lending as much as the Government would like, one of which is that they have been given something of a conflict between lending to businesses and, at the same time, building up their balance sheets. The lowering of our interest rate—at the start of the crisis it was 4.5 per cent., which was one of the highest figures in the western world, and it is now 0.5 per cent.—was necessary, but I accept that there have been some perverse effects of the layering of different policies. I wish to develop this argument a bit further. As Paul Krugman, the American winner of the Nobel prize for economics last October, has said, the credit crunch is so drastic and the consequences so cataclysmic that it can be rapidly overcome only by taking temporary control of the banks. To be fair to the Government, they have already partly done that. The key point is that with the strength of the state behind the banks, there would be no need for them to put their own interests first by consolidating their balance sheets as their first priority.

The Government, as temporary owner—I accept that it should be temporary, but it should also be for as long as necessary—would then be in a position to restore lending to pre-September 2007 levels, which was always the Government's intention. The effect of that on the public finances would be dramatic. Instead of expending £1.2 trillion on propping up the banks, the Government could take them over at a fraction of the cost. The Government have spent £45 billion propping up the Royal Bank of Scotland, but they could have purchased it for £4 billion, which was its stock market value in January this year. Lloyds, which was valued at £35 billion a year ago, could have been bought on the stock market for just £6 billion last October. All of the major banks could have been taken over at a fraction of the cost.

The Government are now offering mind-blowing sums of taxpayers' money to underwrite the banks' toxic assets—£325 billion in the case of RBS and £250 billion for Lloyds, and Barclays is standing in the wings with a few further hundred billion. But given that the Government are the owners, they should either sell off or junk assets that are next to worthless and then redirect the rest into lending in the wider economy that so desperately needs it. I know that that is a drastic approach, but in such times we must adopt such policies.

That policy would transform the Budget prospects. The deficit a year ago was just £38 billion. By the time of the pre-Budget report in November, it had soared to £118 billion. It is now £175 billion, and unlikely to fall before reaching £200 billion. The interest charge on this debt was given in the Budget as currently £28 billion a year and the Chancellor expects it to rise to £43 billion a year. If the banks had not been bailed out so profligately and instead lending on a far greater scale had been pumped directly into the economy, thus sharply reducing the costs of business rundowns and rapidly rising unemployment, the rise in the national debt would be far more modest, and the rise in debt interest correspondingly far less.

It is reasonable to estimate that on that basis the national debt this year might have been reduced by between £70 billion and £100 billion, and the interest on that debt might have come down to below £15 billion a year. That would dramatically change the Budget's bleak projections that investment spending must halve in the three years from 2011-12 and that total spending must be frozen over that period, with actual falls—as the hon. Member for Runnymede and Weybridge (Mr. Hammond) said—in real terms of more than 2 per cent. a year once fast-rising debt interest charges and sharply increasing unemployment costs are taken into account. The only way in which that could be avoided is by a review of policy along the lines that I have set out.

Mr. Leigh: Is it not ironic that the right hon. Gentleman is proposing a Thatcherite market solution to bank failure? Funnily enough, I agree with him: if a bank fails, it should be allowed to go bust, with depositors being protected. Do I detect a pincer movement on the Government from both sides?

Mr. Meacher: I am somewhat inhibited about embracing the hon. Gentleman, but it is true that I am saying that no bank should be so large that it cannot fail. If banks

[Mr. Meacher]

are manifestly bankrupt, they should be taken over as long, of course, as the depositors are protected. Whatever remains of the assets should then be employed as positively as possible. As for this colossal wave upon wave of credit derivatives that have turned out to be worthless, they should be junked. The idea of protecting the banks and their toxic assets is absurd.

If those policies were adopted, the much smaller hole in the public accounts would be much more manageable—

Mr. Love: Does my right hon. Friend agree that when we consider whether any bank is too big to fail, we must take into account the one example in which an investment bank was allowed to fail? The consequences for confidence in the markets were catastrophic, and that is a major consideration.

Mr. Meacher: My hon. Friend refers to Lehman Brothers, and it is true that the sudden decision to allow it to go bust—a reversal of US Treasury policy up to that point—was unquestionably a severe jolt to confidence, not only on Wall street, but across the world. However, we are in a different situation in this country. I am not saying that the banks should be liquidated out of sight, but that they should be taken over at the value that the stock market gives to them and reconstructed in a different direction. That would not significantly undermine confidence.

I cannot resist referring to the speech by the Leader of the Opposition to the Conservatives' spring conference in Cheltenham a couple of days ago. As a means of encouraging his "new age of austerity"—his words, not mine—and to deal with the £175 billion hole in the public accounts, he proposed publishing details of all public sector salaries over £150,000 online. What a stunning idea. I am not sure that it would raise more than £0.0001 billion, but it is such a good idea that we should not confine it to the public sector. In the interests of getting everyone to do more for less, perhaps the earnings of bankers, managers, traders, lawyers and all the financial-industrial executives should all be published online if they earn more than £150,000. Why stop at pay, which is so small a part of their remuneration? On the say-so of the Leader of the Opposition we should also publish their bonuses, incentive schemes, fringe benefits and stock options. When I heard that suggestion, I could not help thinking, "Well, Dave, I really think you've started something."

The Leader of the Opposition went even further. He said that those in the public sector who earn more than the Prime Minister—£195,000—should have to justify their pay to the Chancellor. I thought, "Wow! What a corker of an idea." We should apply that across the economy, including the private sector. There is more joy in heaven over one sinner who repenteth than over 99 just men, but it never occurred to me that that would be the right hon. Member for Witney (Mr. Cameron).

To be serious again, there are three main ways in which that much smaller hole could and should be dealt with, without paring back front-line public services, especially health, education and housing. Housing, incidentally, is something that I think should not be decreased but should be substantially increased. First, some major spending projects have never been justified. ID cards have a cost of £5 billion, while Trident has cost £70 billion over 25 years. There have been Government IT follies, such as the £6 billion Home Office communications super-database. I am glad to see that the Government are backing off from that. Such projects could be much reduced or entirely shelved.

Secondly, there could be a real crack down on tax havens, which, as all the authorities recognise, cost this country something in the order of £20 billion a year. We could certainly generate at least £5 billion to £10 billion a year in extra revenue.

Thirdly, the most popular part of the Budget, which clawed back a tiny part of the gains made by the rich in the past three decades, could certainly be extended. I have been checking on this. Tax could be increased for the 0.5 per cent. of the population that earns more than £150,000 to a rate of 60 per cent., which would raise a further £6.2 billion. For the 1 per cent. who earn more than £100,000, the rate could be 50 per cent. That would leave 99 per cent. of the population entirely unaffected. Higher rate tax reliefs could be removed in other sectors and not just in pensions. Capital gains tax could be modestly restored to parity with income tax, which is exactly where Nigel Lawson left it. Non-domiciled tax exiles could be brought within the tax net from which they should never have been allowed to escape in the first place. I also think—I have thought this for a very long time—that the case for a land value tax should be reviewed and concentrated on the large estates.

The bottom line for social democracy in this country remains that no cuts can be contemplated in front-line basic services, least of all to take the rap for the bailing out of the banks after they brought about the most reckless and irresponsible blow-out in modern financial history. The Government should look again at an alternative strategy, which could be less costly, far more effective and far less risky.

7.21 pm

Mrs. Jacqui Lait (Beckenham) (Con): It is always interesting to listen to the right hon. Member for Oldham, West and Royton (Mr. Meacher), even if it does rather remind me of the years pre-1979 or even the longest suicide note in history—

David Taylor (North-West Leicestershire) (Lab/Co-op): That was 1983.

Mrs. Lait: I thank the hon. Gentleman for that correction, which is much appreciated, but I know that. I lived through it too.

What fascinated me was that the right hon. Member for Oldham, West and Royton strongly advocated that the remuneration of high earners should be published online. For the last 20 years, all directors' remunerations have been published in the report and accounts and those—surprise, surprise—are published online these days as are the remunerations of high earners in the City. I suggest that the right hon. Gentleman needs to come up to date and to recognise that this information is already in the public domain.

I was also fascinated that the right hon. Gentleman should advocate the wholesale nationalisation of the banking system, and I am rather glad that it is his Front Benchers who have to answer that question. May I also

point out that the Government have to deal with the issue of toxic debt? They cannot just write it off in the modern global banking system. I would have thought—I have spent some time thinking about this—that it would have been much better if the right hon. Gentleman had advocated a structure similar to the Resolution Trust Corporation that was set up in the '80s to deal with the savings and loans banks in the States. In the end, the corporation returned to the taxpayer a net profit from similar toxic debts. A similar system was set up in Sweden, and, again, there was a small net profit to the taxpayer. In my view, that would be a much better way of getting confidence back into the banks so that they could clean up their balance sheets and get their credit ratings up so that the credit could start flowing again.

Credit will not flow until the banking system is clean and that, to me, is one of the big failures of the Chancellor's never never land—or cloud cuckoo land—Budget. I did not know which it was when I sat and listened to it last Wednesday. Sadly, they are both too benign descriptions of what the Chancellor has done to this country. To a certain extent, I suppose that we should relieved that the Government are going some way towards admitting the appalling state of the economy that they have managed to create.

When we have a Labour Government, we always have a bankrupt Government and we always have to sort that out when we come back after a general election. Yet again, we are going through this horrible cycle. A Labour Government spend more money than they can afford and tax people so that they do not want to work in this country, and then we have to sort it out.

We must get a grip on public expenditure in this country. There is no point in expecting to be able to spend our way continuously out of trouble. Towards the end of the Budget, we got nothing other than expenditure. I am afraid that we cannot continue to spend at the reckless rate that this Government have spent at.

I thought it was very interesting that, at the end of the Budget speech, there was such a muted reaction from those on the Government Benches. In 20-odd years of observing this Chamber, I have never seen such a muted reaction to any Budget.

We keep on saying that we have the longest and deepest recession since the second world war. What came immediately before the second world war? The great depression. We should really be comparing events now to those events.

As many people have said, we have seen the fastest rise in unemployment on record. I went to my Jobcentre Plus in Bromley on Friday—many hon. Members will have made similar visits. Bromley does not usually have high levels of unemployment. It is a wealthy borough. We have seen an increase in unemployment of nearly 100 per cent. in the past year—my right hon. Friend the Member for Maidenhead (Mrs. May) mentioned this point earlier. The biggest increase in employment in my borough has been caused by Jobcentre Plus hiring people to deal with those who are now unemployed. Although the staff in the jobcentre are dealing with people as well as they can, they are used to dealing with people who are unemployed from £30,000-a-year jobs and finding jobs with wages of £30,000. The Government's programmes are not geared towards helping the sort of people who live in the borough of Bromley, and so those people are not finding the help that they would expect.

Throughout this afternoon's debate, in particular, I have been struck by the way in which the Secretary of State and others on the Government Benches have alleged that the Conservative Government in the '80s did nothing about unemployment. I fought a by-election in Newcastle upon Tyne, in the Tyne Bridge constituency, in 1985. We had youth training schemes—the YTS—and the enterprise allowance scheme. My younger brother took up the opportunity offered by the enterprise allowance scheme very early on, and he is now running a very successful business, as he has done since the 1980s. The job clubs were introduced and there were a wide range of measures to help young people and other people who had lost their jobs. To say that the Thatcher Government did nothing to help people to get back into employment is a Labour party travesty of the highest order.

David Taylor: Will the hon. Lady give way?

Mrs. Lait: I will indeed, and I look forward to hearing the hon. Gentleman's denial of those facts.

David Taylor: I am very happy to go along with the hon. Lady in one regard. At one stage, Mrs. Thatcher did reduce unemployment in this country by the simple device of transferring very many hundreds of thousands of people on to invalidity benefit, particularly in areas such as mine, which was then an active mining area.

Mrs. Lait: It is interesting that the hon. Gentleman talks about the alleged transfer of people to invalidity benefit in the '80s while ignoring what is going on now. There are as many people on invalidity benefit now as there were then, and it is to the shame of the Government that they have still done nothing about it. One of the first things they did when they came in was to abandon the rigorous system we had set up to ensure that only people who were genuinely unable to work should receive that benefit.

Mr. Love: Will the hon. Lady give way?

Mrs. Lait: Just once, briefly.

Mr. Love: I want to comment on what the hon. Lady said about YTS and the other schemes of the mid-'80s. All the evaluations of such schemes have shown that they were virtually worthless. Why? Because the people on them never got a job. There were never any jobs so widespread cynicism developed about the schemes. Ergo, to answer that point, the Labour Government decided that after a year people would have either a training place or a job.

Mrs. Lait: I am fascinated by the hon. Gentleman's point because the criticism of YTS was that if people did not get a job, they got more and more training. What will happen this time? The weasel words offered by the Government are that people will have a job or training. If I was a betting person, I would suggest that the hon. Gentleman should see how often people go from one training programme to another, because until the Government get a grip of the fundamental fault in the economy and get credit flowing again, jobs will not emerge.

Mr. Love *rose*—

Mrs. Lait: I do not want this to turn into a dialogue and I did say that we should be brief.

Mr. Love: I thank the hon. Lady for giving way again. I wanted to point out that there will be a significant stimulus in 2010 and 2011. We could go into the details about what it will consist of, but one assumes that it will create jobs for those people to take up.

Mrs. Lait: I am not entirely certain whether the hon. Gentleman is living in cloud cuckoo land or never never land. If credit is not flowing, businesses will not be creating jobs and we shall not see an increase in employment. With the greatest respect, I suggest that until credit is flowing through the system again and businesses in constituencies such as mine in Beckenham start to take on employees again, we will not get the economy going again.

The economy will not get going until the Government address the whole issue of borrowing. One of my concerns for the long term is their issuance of gilts. There is already resistance to gilt sales. The only way to sell the volume of gilts that the Government will have to produce will be to increase interest rates. The impact of increased interest rates will be an increased need to sell gilts, which means that borrowing will go up—as indeed will inflation, as night follows day. There is no recognition of that by those on the Treasury Bench, nor is there of the fact that if the issuance of gilts is resisted, the UK's credit rating will go down and the Government will be issuing their own junk bonds—their own toxic debt.

The Budget did nothing to reduce the impact of public debt, apart from an attack on higher earners. We are all agreed that when we open the books, there will be more important things to do than dealing immediately with people who earn larger sums of money. It is unbelievably unfair of the Government to slap a national insurance increase on to the ordinary worker—the person earning £20,000 a year, which these days is not even the average wage. Relieving those people of such levels of taxation is much more important than dealing with anything else.

Ordinary people in my constituency will not just be hit by national insurance contributions. They are already complaining about the increase in fuel duty, for instance. Unusually, I have received a series of original complaints about the recent 2p per litre hike in the price of petrol. June Skeet, a pensioner, has written to complain. Natasha Osunde, who works on commission and needs her car, has written to complain. Peter Allchin, who is disabled, has written to complain. The new fuel increases will have a huge impact on people who are just trying to get by.

Pensioners are already under huge pressure from the reduction in interest rates and in their savings income. Businesses are complaining about the impact of the VAT cut; not only has it not increased sales, its implementation has cost them large amounts.

I am sure that some people in Beckenham will welcome the car scrappage scheme. If it helps the car market, I do not have a problem with it—my car dealers are probably delighted—but I have a rather cynical view about what will happen to all the cars that are to be scrapped. Will they go into the scrap market, thereby reducing the value of scrap metal? Will they take over the fields that are to be freed up by the sale of the new cars coming on to the market? Will they be exported to developing countries and will there be an even bigger scandal because we have exported our old, polluting cars? There are large opportunities in the car scrappage scheme for scams and fiddles.

A point that has not yet arisen in the debate is the impact on the retail sector of the various increases in business rates. There will be a 30 per cent. Government-imposed increase for the retail sector. There will be a revaluation of commercial property based on 2008 figures, at the height of the property boom. We have already seen the effect of empty property rates and now local authorities could levy a business rate supplement to provide infrastructure.

People in Beckenham are complaining about the continuing impact on the whole British social scene of the increase in beer prices and its effect on the profitability of pubs. We have talked briefly today about the incompetence of the Learning and Skills Council and the lack of further education and sixth-form funding. That will have a long-term impact on the recovery of the economy.

Time and again, we see incompetence from this failing Government. It is a long time since we have seen such incompetence. We have seen a real decline in their will to govern. It is time they recognised that they have lost the will and it is time for them to go.

7.38 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Most Labour Members thought the Budget a fair and reasonable attempt by the Chancellor to tackle the worst impact of the recession on families and businesses. It identified and supported, where possible, areas for growth in the economy to help us come out of a recession born of the international credit crunch. It really is absurd and ridiculous for Opposition Members to suggest that the global economic downturn can be attributed to the policies of the Labour Government.

I want to speak about three specific aspects of the Budget and their possible impact on my constituents: help to support unemployed people back into jobs, especially those between 18 and 24; support for businesses, especially those helping us towards a low-carbon future; and help for housing.

Between 1997 and 2008—the time of the Labour Government—employment in my constituency rose by 17,000, which was an extraordinary and positive development. Unfortunately, unemployment in my constituency is now rising. Therefore, during this recession, it is important that we do not adopt the old Tory policies of the past two recessions, which amounted to doing nothing and writing off not one but probably two generations of families. The Tories did nothing for people who lost their jobs and little for young people in school either. They also took no action to tackle the deindustrialisation of the economy that took place in the 1980s and, to some extent, the 1990s. Critically, that meant that they did not identify and support future growth areas, and they also simultaneously disinvested in education and skills.

I want to ensure that this Government do not make the same mistakes, so I especially welcome the package to get 250,000 people back into work and to stop young people entering the ranks of the long-term unemployed. The intention is to provide 100,000 jobs for young people, largely through sectoral pathways in the private

sector, through a recruitment subsidy of £2,000 and an additional £1,000 for training, and the measure is specifically welcomed by some of my local businesses. The key sectors identified are care, green industries, and hospitality and tourism. They are important for not only our future economy, but the future of our public services.

It is also worth highlighting the additional £1 billion for creating 100,000 jobs through local authorities and the third sector. The measure is very much about creating jobs in and for our local communities. The local projects will cover such things as arts, the environment and social care. Critically, the jobs will also support the social enterprise sector. I will be urging Durham county council, my local authority, to put forward an expression of interest for some of the money by the May deadline. Parts of County Durham have been particularly affected by the economic downturn, so I hope that some of the money comes our way.

The Government also outlined support in the Budget for a further 50,000 jobs for those areas that are especially disadvantaged and in which unemployment is hitting hardest. I will be arguing that some of that additional support should come to the north-east in general, and County Durham in particular. The critical aspect of the Government's actions is that they are intervening to support job creation in the parts of the economy that particularly need it and the places in the county hit hardest by the recession.

Yesterday's debate, which focused on business, clearly showed that the Government intend that a third of the £750 million strategic investment fund should be earmarked for low-carbon projects. If we are not to lose further ground to our competitors, it is essential that, even in these difficult times, money is found to invest in renewable energy projects and low-carbon developments, such as electric cars. I especially welcome the £405 million to support low-carbon industries and advanced green manufacturing that will help to make the UK a world leader. I also welcome support through the renewables obligation for offshore wind investments that reach financial close between now and 2011. It is expected that that will support £9 billion of investment and power up to 2.8 million homes. I welcome the new funding mechanism to support up to four carbon capture and storage demonstration projects and the £90 million to fund detailed preparatory studies. Several north-east Members have been arguing for additional investment in CCS for some time, so we are especially pleased by the inclusion of additional money for that in the Budget.

In addition to investing in the green economy of the future, the Government need to continue to invest in the development of skills. Of all my sources of anger at the last Conservative Government—there are many, but I will not go into detail because some of them have been outlined—the one about which I feel most strongly is the way in which investment in skills and training ebbed away in each successive year of that Conservative Administration, thus sucking opportunities and young people's potential out of our communities and leaving generations without any prospect of employment and with no belief in themselves. It is essential that the Government keep investing in the development of skills in our communities.

The Conservatives might be talking about problems with further education college building programmes now, but that is truly ironic, because during their period of tenure, they made no capital investment whatsoever in FE colleges, while the schools in all our constituencies were often past their use-by date.

Such lack of investment was reflected in the poor attainment of some of our young people. In 1997, about 30 per cent. of young people in County Durham got five or more A to C grades at GCSE, but the 2008 figure was 66.1 per cent. That absolutely huge increase did not happen by magic but because we mended the roof—or, more accurately, built new schools—while the sun was shining and doubled investment in education.

If the Tories want to know where the money was spent—they appear to need to understand that, because their party's leader tells us each week at the Dispatch Box that the Labour Government wasted it—I would like them to visit my constituency, where they will see the new hospital, the new FE college and new school buildings. There has been record investment in health in my constituency—we have no NHS waiting lists—and there are six Sure Start centres. There has also been a huge increase in employment and industrial development since 1997, although I recognise that that is suffering somewhat at the moment. All that cannot possibly be described as wasted money.

I urge the Government to continue to invest in not only education and skills, but our public services. I also want the money that goes to universities, especially for science, to be protected because universities and science are essential for our future economic development. The Budget adds to substantial investment in schools and colleges to provide help for training young people and I am pleased that there will be a further £250 million to enable 16 and 17-year-olds to stay in school or undertake training.

I applaud the money set aside to more than double the provision of apprenticeships. It is important that we have a wide range of qualifications and pathways to employment open for our young people. In my constituency in particular, apprenticeships are a brand of training that is well recognised and valued. Also, nothing is more important than that we continue to invest in Train to Gain.

Mr. Philip Hammond: I was trying not to be provoked, but I cannot do it any more. The hon. Lady is reeling out a list of great things on which it is good to spend money and, in a perfect world, of course it would be, but has she read the Budget that her right hon. Friend the Chancellor presented last week? Does she understand the scale of the public spending cuts that he is projecting for the years to come? Does she have any insight into where those cuts will be made if a Labour Government are re-elected?

Dr. Blackman-Woods: I can answer the first part of the question easily: yes, I have read the Budget.

As I was saying, nothing is more important than that we continue to invest in Train to Gain to support and upskill people in employment. In particular, we must continue to support union learners, who are so excellent at persuading people in the workplace to acquire new skills. We must also encourage young people to value education. I do not think that we can ask them to value their education if we do not value it. We in County Durham were only just starting to overcome the past scepticism about what learning can bring; we must

[Dr. Blackman-Woods]

continue to make progress. In partial answer to the hon. Gentleman's question, let me say that, whatever else we do to get efficiency savings, it is critical that we continue to develop our education system and to invest in education and training.

In my constituency, we have just opened a new school, Durham Johnston, which is excellent—much better than anything that I had imagined; it is state of the art. We also have another school, Framwellgate Moor, starting in about a year, as well as a new academy backed by Durham university. The hon. Gentleman has just demonstrated the truth of my next statement: I simply cannot imagine investment on such a scale happening under a Tory Government. It is unfortunate that the whole of the British media and a great many people in the country apparently have such short memories.

We must invest in skills development and knowledge transfer if we are to compete in the global economy of the future. I am therefore pleased about the additional funding for the Technology Strategy Board. We in this country have not always managed to apply technological developments well to create jobs; we have to do that better in the future.

Finally, I hope that the Government will use the additional £600 million to support new house building, as well as the measures previously announced to encourage councils, either themselves or in partnership with others, to build more council houses and to continue to provide affordable homes that are much more energy efficient than those provided in the past. It is a source of great sadness to me that, in my constituency, many opportunities to build affordable and rented properties were not taken by the Liberal Democrat council during the years of growth. The council simply let the market rip, with too many apartments being built, and now we lack good family housing and a real mix of tenures. The Government must put that right by enforcing planning policy statement 3 in any future house building initiatives. We must learn lessons so that money is used wisely from now on to plan for a sustainable future, to invest in low-carbon industries and to ensure that housing is delivered for everyone and not just those who can afford the latest market offering.

7.54 pm

Mr. Nigel Dodds (Belfast, North) (DUP): There is no doubt that the Budget statement delivered last Wednesday was one of the most significant that the House has heard in several decades, but I strongly suspect that the one that follows the next general election will be the most significant of all. Then, when the real decisions that will affect the whole country are taken, we will see the true extent of where we are headed, although we have a good idea of the general direction, having listened to the Government's projections for future expenditure growth, as well as the Opposition's.

The context of this year's Budget has changed significantly compared even with last year's. Earlier, we heard an exchange between the right hon. Member for Oldham, West and Royton (Mr. Meacher) and the hon. Member for Edmonton (Mr. Love) in which reference was made to Lehman Brothers. I remember just over a year ago, in the run-up to the US investment conference in Northern Ireland, in my capacity at that time as Minister of Enterprise, Trade and Investment in the Northern Ireland Executive, visiting Wall street and the headquarters of Lehman Brothers. I was taken to the 75th floor, where a presentation was made to me about the bank's global ambitions and how it hoped to expand and perhaps invest in Northern Ireland. The fact that that bank has now disappeared shows the extent of the change that has happened.

At this time last year, people's biggest concern was the cost of living—the rise in energy prices and the cost of mortgages. Now, their concerns are much more focused on whether they will have a job or keep their home. Various parts of our economy have been devastated, especially the construction industry. We in Northern Ireland know all about that, because the construction industry plays a massive role in our economy, particularly in the private house building sector, which has been utterly devastated. The extent of the downturn and its rapidity have staggered everyone and made people extremely frightened and anxious about where we are headed. We have heard all the talk about unprecedented times and the worst borrowing figures since the second world war. Given the eye-watering amounts that have been mentioned in connection with the banking crisis and so on, for most people these truly are uncharted waters, so they are extremely worried.

This year's Budget was largely defined by the massive downturn, although I think that most commentators were right to say that the Chancellor has been over-optimistic in his growth projections. The Budget will be regarded historically as very much a holding Budget before the real decisions are taken after next year's election. The fact is we have to deal with the present position; we cannot go over the history of how we arrived here—whether it is entirely a global phenomenon, or more of a domestic creation. I think that there is a little bit of truth in both analyses. The accusation can be made that, since coming to power, the Government have increased public spending based on additional receipts, but gained too little in terms of our public services and structural foundations. However, we have to address the here and now and how we get through the next period.

During this debate, we have heard much discussion of whether we should go for a fiscal stimulus, or ride out the current crisis and allow matters to take their course, and all the shades of grey between the two views. I have to refer to the contrast between what this country is doing and what others are doing in terms of borrowing now to invest. We should compare that with what is happening in the Irish Republic, which is having to try to cut its way out of recession. Of course, we know that one of the reasons it is in that position is that as part of the eurozone it has a lot less capacity than the United Kingdom, in terms of the currency being devalued, and in terms of borrowing and so on. People in Northern Ireland are grateful at the moment that we are part of the United Kingdom and out of the eurozone. Northern Ireland has benefited on both those scores.

The daily influx of shoppers from the Irish Republic to Northern Ireland shows that people see real value in the cost of goods and services in Northern Ireland, to the extent that one major national grocery chain in the United Kingdom has a 2 or 3 per cent. share of the

market in the Irish Republic without having a single store there. That tells a story, and shows that people are voting with their feet.

Mr. Hayes: While the hon. Gentleman is making a comparison with the approaches taken in different countries, he might consider the following point. There are two ways of approaching the crisis. The first is to inject a fiscal stimulus into the economy, as he put it. However, to make a difference of about 1 per cent. in unemployment, one needs to inject a stimulus of about £39 billion, according to most academic studies. Frankly, the Government simply do not have enough money to do that effectively. The Keynesian route, advocated by the right hon. Member for Oldham, West and Royton (Mr. Meacher) in a very eloquent speech, is simply not possible. The alternative route is retrenchment. The Government are not really going for that in a meaningful way. We are falling between two stools, which is likely to have a very limited effect.

Mr. Dodds: I am grateful for the hon. Gentleman's contribution, and I understand what he is saying; effectively, his point is that if we want to make a real difference, we have to go much further. I remember a previous debate in the House in which the Liberal Democrat spokesman, the hon. Member for Twickenham (Dr. Cable), made the point that the Americans' fiscal stimulus was on a much greater scale, and that it would require something of that magnitude to make a difference. Nevertheless, I believe that it is better to try to inject some kind of fiscal stimulus in the current situation than to go the other way. The approach adopted in the Irish Republic illustrates how painful the alternative is.

I hold the position of Minister of Finance and Personnel in the Executive, and the fact is that there is a certain amount that the Executive and the Assembly can do locally to try to help the people of Northern Ireland—businesses, communities and hard-working families—through the current challenges and difficulties. We have taken measures to try to do that, such as freezing the small business rates in real terms as of 1 April this year, and introducing the small business rate relief scheme from April next year. We are also bringing forward procurement spend for major capital infrastructure projects in Northern Ireland. We are ensuring that as much of that as possible is spent as quickly as possible. We are introducing the speedier payment of Government invoices, so that money goes out to businesses and firms that are trading with the Government as quickly as possible. There are also reforms to the Planning Service.

We could go further. Our party has suggested that there is a need to look at the issue of government infrastructure, and how much money we are spending on the machinery of government. A number of Members today referred to suggestions on how public expenditure could be cut without going into the details of individual Departments' spending. In Northern Ireland, we have 11 Departments running a Province of 1.7 million people. There is growing consensus that a Province the size of Northern Ireland does not need 11 Departments; we could get by with a lot fewer.

We know why that situation came about. During negotiations and debates, primarily between the Social Democratic and Labour party and the Ulster Unionist party, there was a view that we should create many seats around the Cabinet table and elsewhere, to accommodate parties. People need to move on from that and ask, "What is in the best interests of the people of Northern Ireland? What delivers the best value for money?" As regards the duplication of Departments—on that issue alone, before we get down to the issue of cutting the number of Assembly Members and other areas of expenditure that could be looked at—we calculate that we could save the people of Northern Ireland, and the Northern Ireland budget, between £40 and £50 million per annum. That is a significant saving in the context of the Northern Ireland budget. We have to look into that seriously, and I hope that parties in Northern Ireland will do so in the forthcoming period.

Mr. Gregory Campbell (East Londonderry) (DUP): My hon. Friend is outlining a range of options that could come before the Northern Ireland Assembly to bring about reductions, and a number of cost-effective steps that could be taken. Does he agree that we are more likely to achieve such aims in a mood of political consensus if all parties commit themselves to adopting such measures? People across Northern Ireland and the UK would think that very wise, and would say, "This is a cost-effective way of ensuring that government works even better in Northern Ireland than it did."

Mr. Dodds: I agree. The greater the political consensus that we can achieve on such approaches to saving money and on making Government work in a leaner, more effective way, and the more that we can devote that money to front-line services—health, education, training, skills and so on—the better.

On the issue of diverting money, through efficiencies, to front-line services, I want to come on to the public expenditure position arising from the Budget. There was a lot of discussion in earlier parts of the debate on the Budget resolutions on the question of cuts versus efficiencies. There has been a lot of argument about what is a cut, and what is an efficiency. When it comes down to it, it depends on which side of the House one is on, whose cut or efficiency one is talking about, and how it is categorised. I think that all of us agree that efficiencies should be implemented where possible, and where money can be released for front-line services. I do not think that there is any doubt that we should be as efficient as we can be in the delivery of Government and public services.

In Northern Ireland, the Executive and the Assembly are committed to 3 per cent. efficiency savings, year on year, over the three-year period of the budget. That is on the basis that the moneys saved will be used for front-line services in Northern Ireland. When devolution was set up, the Province was given repeated commitments from the Prime Minister and the then Chancellor that all efficiency savings made over the comprehensive spending review period would be retained by the Executive to allow devolution to bed in. It was on that basis that the Northern Ireland Executive agreed to match the efficiency savings targets for Whitehall Departments. It is therefore deeply regrettable that in the Budget, some £122 million-worth of so-called efficiency savings were announced. That was at the lower end of expectations.

I welcome the fact that over the next two-year period of the budget, some £116 million will be given to the Northern Ireland Executive's Department for Employment

[Mr. Dodds]

and Learning as a consequence of budget allocations to Whitehall Departments under the Barnett consequentials. However, I seek an assurance from the Chief Secretary to the Treasury that those additional allocations will continue beyond 2010-11, instead of being subject to the same form of smash-and-grab seen after the 2007 CSR. A measure is only truly an efficiency saving if the money is released and spent elsewhere in Northern Ireland. That £122 million is being taken out of Northern Ireland and back to Whitehall.

When we had a debate about efficiencies or cuts on 27 April, I was interested to note that the Financial Secretary to the Treasury, when challenging Conservative Front Benchers on their proposal for £5 billion of efficiencies in 2009-10, referred to the measures as cuts. He said:

"Where would the £5 billion spending cuts this year fall?"—[*Official Report*, 27 April 2009; Vol. 491, c. 671.]

If he defines the efficiencies called for by Opposition spokesmen as cuts, the same must apply to the efficiency savings in 2010-11. We are not against efficiency savings: we are prepared to make whatever efficiency savings can be made, but we must deliver those savings to front-line services. Taking that money back to Whitehall is a raid on the Northern Ireland block and the Northern Ireland budget.

There are a number of UK-wide measures that I welcome, including the decision to retain the increase in the winter fuel allowance for 2009-10. The increase in the child tax credit from 2010 will offer a real benefit to people, and I welcome the improvements to statutory redundancy arrangements. As for local business, I have outlined some of the measures that we have taken in Northern Ireland to help business, and there will be automatic rate relief for businesses in the Province. Parties in Northern Ireland agree that there is still a strong case for a reduction in corporation tax in Northern Ireland in recognition of our unique circumstances, given the land border with the Irish Republic. I accept, however, that the measure to help firms with cash-flow problems will help businesses to survive the downturn, while the enhanced capital allowance for 2009-10 will encourage firms to prepare for recovery.

The Government have announced a £750 million strategic investment fund to support advanced industrial projects, with a third of the funding earmarked for low-carbon projects. It is important to encourage Northern Ireland firms to apply to that fund, and hopefully they will be considered fairly for support. As I said, people will look back at this year's Budget as a holding Budget, with the significant decisions that will affect the national and local situation in the Province being made in the Budget that follows the next election.

8.12 pm

Mark Durkan (Foyle) (SDLP): I fully agree with the hon. Member for Belfast, North (Mr. Dodds) about the significance of the Budget. I certainly felt a chill in my spine last week as the Chancellor announced the figures. Yes, the figures had been canvassed in the media and elsewhere, but to hear the projected high borrowing figures expressed in the Chamber struck me very deeply indeed.

We have to contemplate the implications of that scale of borrowing for future Budget exercises and for future public expenditure—the Chancellor has already indicated some of the adjustments that would be required and the squeezes in public expenditure in years to come. Equally, there are implications for projected revenue. Other hon. Members, particularly the hon. Member for Twickenham (Dr. Cable), have spoken about the serious gap between projected revenue over the next few years and projected expenditure, and people have questions about the projections in the Budget.

We can ask questions about the implications of that scale of borrowing and how we manage it down in years to come, but we must also ask ourselves what the implications for all of us and the future of the economy would be if the Government had not resorted to that scale of borrowing and had not sought to manage the range of interventions with which they have had to deal. In all our assessments of the Budget, we must be mindful of all the issues that are in play.

Over the past couple of years, as the hon. Member for Belfast, North said, there has been a transformation in the assumptions, presumptions and projections for the Budget and the economy. We have seen a virtual meltdown in parts of the banking sector, both nationally and internationally. People's confidence in financial services has been fundamentally shaken. It is not just public expenditure that has been affected; private investments and pensions have also been deeply affected. That has changed the order of what people expect from politics and from Government, not least in the Budget debate. People want to hear politicians, business and banking leaders tell them as it is—good, bad or uncertain. We need more of that in this debate. I have heard it in some parts of the debates to which I have been able to listen, but inevitably a degree of partisanship has crept in.

I am not sure that this is particularly a time for dwelling on the records of all sorts of Governments in the past. As an MP for Northern Ireland, whenever I refer to issues in our past that are still current, I get a bit fed up of hearing a lot of English MPs say, "Oh, forget about that—that was 10,15 or 20 years ago. Don't dwell on the past." I have heard an awful lot about the past, however, and the record of previous Governments in the Budget debate, but we very much need to look at the present and the future. Similarly, the Opposition have strayed beyond their legitimate role of talking down the Government's performance to talking down the economy. People should not be so irresponsible as to short-sell the economy with an eye to their own immediate, partisan profit, but there have been undertones of that in what we have heard from some Opposition Members.

Stephen Hammond: I have just heard the hon. Gentleman accuse the Opposition of talking down the economy. The Red Book explicitly says that this will be the longest and deepest recession since the second world war, so I do not think that we can be accused of talking down the economy.

Mark Durkan: I accept fully what the hon. Gentleman said about the Red Book, but as I have said, people expect and want the Government and politicians to tell them as it is—good, bad or uncertain. If things are uncertain, they should be told, which is why I join others in questioning how optimistic some of the projections

are. Equally, I recognise that in other respects, the Chancellor has been pretty direct. We must all recognise the enormity of what we are facing—not just what the Government are facing, but what we as a Parliament are facing.

In the course of the debate a number of Members have raised issues about the degree of parliamentary scrutiny or oversight of some of these matters, which we as a Parliament need to consider. In respect of the current intervention in banking, the bail-out and the high degree of public ownership of a number of banks, we cannot credibly leave it to the Treasury Committee, on top of all the other huge structural issues that it is dealing with in relation to the Budget and other matters, adequately to discharge the legitimate interest of the House in how those matters are handled. We need a special dedicated Committee to deal with that.

Dr. William McCrea (South Antrim) (DUP): Does the hon. Gentleman accept that many business throughout the UK feel themselves short-changed by the banks that have been bailed out? A great deal of pressure is put on business because the banks will not lend them money, even though the businesses are fundamentally sound?

Mark Durkan: I fully accept the point that the hon. Gentleman makes. Indeed, I made a similar point in an intervention in the debate last week. Some of the banks in Northern Ireland—I previously named the Ulster bank, for instance—are, according to some of the business customers whom I have been talking to, are engaged in bondage banking practices. They are trapping and binding people with ever higher rates and charging them very high re-arrangement fees for that purpose. It is not only the Ulster bank that is doing that.

Banks are operating in the current situation not just to try to extract more money from some businesses but, I believe, to price some businesses off their books and to force firms that are otherwise sound and that are good medium to long-term investments into liquidating and possibly aborting their sound business prospects. We have heard that from all parties in all corners of the House when they refer to banks in their areas and how they are treating businesses.

That is why we cannot rely on Treasury Ministers to receive the monthly reports that are meant to come via the lending panel. That is no credible scrutiny or oversight. It is no credible way of guaranteeing that the commitments made by the banks, we are told, towards business lending and other lending areas will be honoured in practice. A bank in Northern Ireland has large banners up with the message, "Lending isn't ending", but that is not the message that customers get when they speak to the bank.

We need to examine our procedures as a Parliament in respect of the special and hopefully temporary intervention in the banks, which will obviously take some time to manage. There are aspects of the Budgetary process that the House should consider. Because of the scale of the issues with which the Government are contending, they could use parliamentary scrutiny to assist in the better proofing and control of expenditure. In his contribution the hon. Member for Belfast, North referred to the Chancellor's projection of efficiency savings later in the Budget cycle, and he spoke of the implications of those for Northern Ireland.

The fact that the Chancellor is able to project those efficiency savings right down to the impact that they will have on the Northern Ireland block in a couple of years is interesting, but should be set against the fact that there is still no move to curb expenditure or cut out altogether some of the prestige follies that other hon. Members have mentioned. I refer to ID cards and the huge expenditure that there will be on those. There will be a huge outlay on replacing Trident—a huge prestige folly that might have something to do with people's idea of status, but has very little to do with serious modern defence strategy. Other prestige follies include massive, expensive and very questionable databases in the health service and elsewhere. The announcement of some pullback in the telecommunications database was welcome.

If the Government are serious, and if we as a Parliament are to be serious about trying to rebalance the Budget, which the hon. Member for Gainsborough (Mr. Leigh) spoke about, we must ask how we in Parliament play our role in that. I believe that in some cases Parliament is better than Government at controlling expenditure on such prestige follies, precisely because of the "Yes, Minister" syndrome that the hon. Gentleman mentioned. Such projects become big status issues and big totemic demands within Government. Nobody out there in the country particularly wants them, but Government have a huge need for them and Government know best. There is also a false belief that Government can spend and buy better. More parliamentary control of those big ticket items would be a great help in the future. We need to consider structural reform of the way that we manage Budgets in the House.

There were significant measures in the Budget, not just the high borrowing figures and the implications for future spending. Because of all the other details in the Budget, perhaps we have lost sight of the Budget's significance in terms of carbon budgeting. It is the first big step towards that. Many people say cynically that the Government have produced a Budget for the short term, with a view to the election, but we should appreciate the enormity and the significance of the carbon budgeting measures. Some hon. Members might disagree with the value of that measure in the present context, but it proves the sincerity of the Government's commitment. The exigencies of the current circumstances are not being used as an excuse to pull back from those principles and targets.

In the context of the commitment to carbon budgeting and the Budget's positive interventions, there is the £750 million strategic investment fund and the high profile that has been accorded to the low-carbon economy to ensure that we have a green recovery from the recession. I, like the hon. Member for Belfast, North, hope to see Northern Ireland companies avail themselves of that fund and flex their innovatory muscles to make the most of it.

There are other interventions in respect of business, including some on taxation, so that people can offset losses this year against previous tax. That is very welcome in the circumstances. The measures on payroll shelter and short-work schemes are very important, and I and others will want them reflected in Northern Ireland, using our devolved capacity. We have argued for such measures.

[Mark Durkan]

Given the range of measures that different parts of the manufacturing sector require, we must ask the Government to create a proper framework for intervention. Many different measures have been announced for the short term, and some in the Budget are projected for the short term, but the method whereby different measures are announced by Lord Mandelson in one meeting and then announced somewhere else does not convey the sense of a coherent framework of intervention, and we need one.

We must ensure also that Europe plays its role in properly allowing creative intervention nationally and regionally. The First Minister and Deputy First Minister of Northern Ireland were in Brussels recently, and the President of the Commission encouraged them to use public spending innovatively. Sometimes, concern about EU state aid rules gets in the way of the innovative use of public expenditure, and EU state aid rules can be called on and used against positive intervention measures. Although the EU says that it is trying to relax those rules, there is no clear framework for what is and is not relaxed, so, when people speculate on possible proposals to help particular sectors and industries, they are not quite sure where things will stand with regard to state-aid. We therefore need to press Europe for a clear regime, so that, nationally and at a devolved regional level, we all know our discretion to intervene to support our competitive businesses, and they are not tounted out under those rules.

We must recognise that, through some of the Budget's other measures, the Government have shown a continuing commitment on child poverty, including the provisions on child tax credits. I also strongly welcome the measures for pensioners to extend the enhanced winter fuel allowance and, on pension credit, to relax the rules on savings limits.

This has been a mixed Budget in very difficult circumstances. We need to recognise that we are in an unprecedented matrix of uncertainty, and, in that situation, we cannot rely on all the projections. I fully accept that some of the Budget's projections are on the optimistic side, but I am glad that it includes, first, commitments that show the Government's determination to try to protect businesses and people in the front-line economy just as much as they tried to protect the banks, which the Government did not do just because the banks wanted it, but to try to ensure that we, ourselves, had a basis for economic stability; and, secondly, measures to try to offset the impact of unemployment and reverse its pattern where it takes hold, so that it does not just hit and, then, drill down and pervade the economy. Such interventions are welcome, but they will have to be developed, and I hope that the Government listen to Members of this House as we come forward with more schemes and ideas as to how best we can do that.

8.30 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): I recently went to visit my local citizens advice bureau to see how its staff were faring in the economic downturn. They told me that their recent figures show that visits have increased by nearly half in the past year, and painted a stark picture of the recession in Haringey. They have seen a 44 per cent. increase in visits from residents of Hornsey and Wood Green compared with last year. Most of those new inquiries were job-related; almost twice as many people as last year are asking for employment advice. Unemployment has a knock-on effect on other areas of concern such as debt and benefits advice. Between 2007-08 and 2008-09, there has been a 60 per cent. increase in debt inquiries and a 30 per cent. increase in benefits inquiries.

A whole raft of people who are usually employed have become, in a sense, a new wave of unemployed. They have no experience of how to work their way round a benefits maze or to understand their statutory rights or what is available to them in help from the Government. Many of my local residents are clearly struggling with the recession and in need of such help and advice. The best way to be recession-proof, or as much so as possible, is to know one's rights and entitlements. The citizens advice bureau is therefore vital.

I saw a constituent this week who is not so well, and she has been trying for four weeks to be seen at the local CAB. It has a queuing system, so people have to get there very early in the morning. Because my constituent is not well, she waits for an hour and then has to go home again. It is no use having a citizens advice bureau if it is buckling under the weight of the rising number of inquiries resulting from the effects of the recession and if it does not have enough advisers to cope with demand. Given that dramatic rise in inquiries, I was disappointed that there was nothing in the Budget about extra grant funding. Of course, I am on to the local council, Haringey, as well, but its main funding comes from national Government. I am sure that my constituency is not alone in being affected.

I have been to speak to the North London Network, which comprises very small businesses, including one-person businesses. They are suffering dreadfully. The banks are still not extending loans to them, and there is no relief from their landlords in moratoriums on rent rises. I wondered about the possibility of automating small business rate relief. That is quite complicated to apply for—I think that it is based on square footage—yet it is worth about £1,200 a year to small businesses. It would help them enormously if it were automatic.

We recently had a debate in this House on what would happen to women in the economic downturn. We agreed, on a cross-party basis, that it would be tragic if the high level of female employment and the advances made on equality were swept away by the recession. Women already have a tough time in the workplace. It was clear from the debate that sectors such as retail and services, which are populated mainly by women who are already poorly paid, would be hit extremely hard, as would part-time work.

Another problem is employers and others apparently believing that somehow women's earnings are not as important as men's and that if someone has to go, it should be a woman. I have not told the hon. Member for Bromsgrove (Miss Kirkbride) that I would mention her, so I apologise to her, but she raised that issue in the previous debate, saying that she had known people who had heard of such situations. She was absolutely right in her contribution.

We must also consider maternity costs. In a recession, with employers facing unprecedented challenges in maintaining the viability of their businesses, maternity benefits may be a cost too far, particularly for good

employers who pay above the statutory minimum. As employers try to squeeze their costs down, it is not hard to imagine that firms offering maternity pay plus benefits will begin to reduce such costs. Women who choose to stay in work rather than be persuaded out of it will have to manage on a very low amount if their benefit is reduced to the statutory minimum, which is £117.18 a week. Miraculously, most women receive about £400 a week because of good employers providing maternity pay plus benefits. That is a substantial difference.

Alternatively, if offers are made to women not to come back to work after maternity leave, and instead to receive a redundancy package, it is reasonable to assume that some will exit the workplace. Evidence about that is being collected. They will then face even greater barriers to getting back into work in a few years' time.

The Minister for Women and Equality and the Government held an event—I want to say a bit of a do—at No. 11 Downing street for women from across the country, who gave evidence about their experience of what the recession is doing to women. That is clearly a major concern, but I did not hear anything in the section of the Budget about helping people fairly that would give direct help to women in the circumstances that I have mentioned.

There is also a danger that in the recruitment process employers might favour applicants with no children. In an economic downturn, anybody with children is at a disadvantage if they apply for a job. According to the Equal Opportunities Commission in 2005, before it became part of the Equality and Human Rights Commission, 30,000 women a year were sacked for being pregnant. More recently, Nicola Brewer, the chief executive of the commission, said that women were not being employed because it was better for employers not to take them on, as they might open themselves up to the risk of further costs through maternity benefits. It will be terrible if our maternity benefits, which are relatively good although with room for improvement, become a cause of women not being able to access jobs. If the situation is bad now—that was a couple of months ago—we can expect that women will find it harder and harder.

Mr. Hayes: The hon. Lady makes an interesting point. Economists argue that extra costs to businesses through regulation are absorbed during periods of economic growth but exposed, as she argues, in times of economic downturn. Furthermore, they argue that when employers face tougher times, they take steps that they would not take in a period of growth. What measures would her party put in place to counteract that?

Lynne Featherstone: Much as I would like to discuss the measures that my party would put in place, I am actually discussing what the Government are going to do. My intention was to find out whether any direct help would be provided. A debate was held in the House about what would happen to women in an economic downturn, but I did not hear that reflected in the Government's Budget.

The final matter that I wish to cover is youth. I very much welcome the Government's proposal to guarantee every 18 to 24-year-old a job or training. The prospect of a whole generation of young people coming out of education, particularly tertiary education, to nothing is one of the most appalling aspects of the recession. The loss to an individual of confidence, skills and their future is unconscionable. Let us consider the effect on self-confidence of finding nothing after studying and hoping, and dreaming, of getting a good job. There is a great individual cost, and the loss of a generation of young people with ability, talent and skill to the whole of Great Britain would be immeasurable.

Steve Webb: Does my hon. Friend share my concern that the promise to which she refers will be implemented only after a year, which is long enough even to someone in middle age? It seems an absurdly long time. Does she agree that we can identify young people at high risk of being unemployed for a year almost on day one, and perhaps be more interventionist earlier?

Lynne Featherstone: My hon. Friend makes an interesting point. Indeed, I shall make almost the same point shortly.

Earlier this year, Martin Bright, who is the former political editor of the *New Statesman*, wrote a piece entitled, "A New Deal of the Mind". I do not know how many hon. Members read it, but the Government were greatly interested and supported it. It was a truly visionary piece, which was about scooping up that potentially lost generation and creating a version of Franklin Roosevelt's new deal of the 1930s. It is targeted more towards those leaving university or tertiary education so that a whole generation will not be lost. It would mean an army of young people employed on projects—the article also suggests using that army to do things that are not normally done—to record, write, film, photograph, design and archive aspects of our lives, the recession and living histories, thus creating a legacy from this era for future generations. They would document all the communities in our land—that does not get done in better times—while battling the scourge of unemployment in current times.

The article was so inspiring—I tell everyone to google "A New Deal of the Mind"—that it received much cross-party support. There was another bit of a do at No. 11 Downing street to launch the new deal of the mind—*[Interruption.]* I do not spend all my time at No. 11 Downing street. There was a stellar gathering, with the head of every artistic, musical and literary institute and organisation in this country present. I have never seen a guest list like it. They were all buying into the concept. The Secretary of State for Work and Pensions and the Secretary of State for Culture, Media and Sport were there and fully signed up to the ideal. The hon. Member for Wantage (Mr. Vaizey) also attended and spoke in support. I am sure that it will come as a relief to Conservative Members to know that support was not caveat free, but we all spoke in favour. The leader of my party also supports the new deal of the mind—it is simply a good idea.

Ideas included a brains trust for the 21st century, a national oral history taskforce, a national family history project and a new deal for art and drama. I have been so enthusiastic about the project since I first heard about it that I have been blogging about it. At the weekend, I visited another constituent, who happens to run a charity. He said, "You're interested in this new deal of the mind—you've been blogging about it." His charity is cataloguing oil paintings in public ownership in every county of the land. He said that if I could hook him up

[Lynne Featherstone]

with new deal of the mind, he had an apprenticeship to offer in every county because a book of oil paintings in public ownership is produced for every county. Apart from local councils, there are many people who have a vision, want to help and could be harnessed in that way.

I hope that the new deal of the mind will be part of the Government's guarantee. As my hon. Friend the Member for Northavon (Steve Webb) said, I do not understand why those projects cannot start from day one. The sooner people leaving college with nowhere to go get involved in that worthy and marvellous idea, the better. What part of the guaranteed budget will be used to ensure that all 18 to 24-year-olds will be in a job? How can it be accessed? How will it work? How much of that budget will go to a new deal of the mind? It is important to realise that vision, which has the hallmark of greatness. It will leave a legacy to this country for which everyone in years to come will be grateful.

8.45 pm

Mr. John Hayes (South Holland and The Deepings) (Con): It is a pleasure to follow the hon. Member for Hornsey and Wood Green (Lynne Featherstone), who brought a passion and an energy to her advocacy of the aesthetic aspect of what might be done to engage people usefully and purposefully.

How one responds to the Budget depends on how strongly one feels about the long run. I assert that the political class has become less concerned with the past and the future. The view of the past and the future among politicians has changed, as the here and now has predominated. The "want it all and want it now" culture, which has been fuelled by a "borrow and spend" paradigm, is bound to displace a proper consideration of the long run. Yet surely we know that the present is a momentary thing. We live our lives—do we not?—in the then and the when. Thus an emphasis on the long run is important for politicians and this House, and it is certainly important for the Government.

The Budget was couched in the language of Keynesianism and we heard something of Keynes from the right hon. Member for Oldham, West and Royton (Mr. Meacher), who made the best speech that we have heard in the debate today. It was Keynes who once famously declared:

"In the long run we are all dead."

However, Keynes, as his comments imply, had no children. I, on the other hand, have two young sons. I care desperately about their future and about that of their contemporaries—the children and grandchildren of my constituents in South Holland and The Deepings. That means that I care about the long run and about our duty to those who follow us, a duty that informs my conservatism. I prefer Edmund Burke to Keynes. It was Burke who said:

"History is a pact between the dead, the living and the yet unborn."

The Budget breaks that pact. It is the product of politicians and Ministers who are preoccupied by the present, largely ignorant of the past and careless of the future.

Of course the Chancellor is focusing on how to get through the next 12 months, but to do so he plans to borrow an incredible £175 billion, which is 12.5 per cent. of national income. We surely know across the House that we cannot go on spending for ever, but like St. Augustine, the Chancellor declares, "Lord make me chaste, but not yet." He and the Prime Minister hope that the tough decisions can be delayed until after the general election and probably, therefore, taken by somebody else.

It is instructive in these circumstances to consider the crisis faced by the Labour Government in 1931. Then a Scottish Labour Prime Minister put country before party. Now a Scottish Prime Minister should do the same, yet the Budget burdens future generations with a mountain of debt. The Institute for Fiscal Studies has estimated that the national debt will return to sustainable levels in 2032, which is 23 years from now. That is not acceptable. I do not want to be excessively partisan—these debates are often too partisan—but in the end, when the Prime Minister speaks of a "decade of irresponsibility", one has to reflect that he was the man, first as Chancellor and now as Prime Minister, who presided over the policies that fuelled that irresponsibility.

There was much in the Budget about housing. The Government's policy on housing illustrates the sort of short-termism of which I am so critical. For me, the idea of a home is the emblem of my conservatism. To talk about housing is one thing; to talk of the home lifts us to a different emotional plane. The difference between a house and a home is like the difference between calling a parent a mum or an acquaintance a friend. The home stands at the bright centre of our lives. It is where lives start and end; it is where we return at the end of each day and at the end of all our days. Our hearts are where the home is. But there are far too many people in our country who either do not have a home or do not have the kind of home that they need and deserve.

Frustrated aspirations to home ownership and overcrowding are the painful symptoms of what is going wrong with Britain. The Government's failure to tackle these problems helps to explain why social mobility has declined. To build a socially mobile, cohesive and socially just society, we need to help people find the homes that they need in the right places, yet we have wasted a decade of opportunities to do so.

Over the past decade or so, about 24,000 fewer homes a year have been built than under the tenure of the last Conservative Government, and house building has now shrunk to an historically low level. The Government have also failed to develop other methods—particularly share equity—to help people into the homes that they want. In the Budget, the Chancellor promised an extra £80 million for the HomeBuy Direct shared ownership scheme, but that will help a maximum of 10,000 buyers. Even in these grim times, about 10,000 new mortgages are approved per month for first-time buyers. So the sum of £80 million represents one month's mortgage applications, so it is no wonder that experts have already dismissed the proposal as marginal.

More than five years ago, when I was the shadow Minister for housing, I published a paper proposing 33,000 new homes via HomeBuy, which was far more than the Government were delivering. If they had taken the Opposition's advice then, and backed shared equity when house prices were rising, they could have generated

receipts through sales that could have been recycled to provide further support, but instead we had far too little, far too late.

The same is true if we look at the Chancellor's other proposals on housing. He promised £100 million for local authorities to build new energy-efficient housing, but experts say that that will pay for just 900 new homes at a time when 4.5 million people are on waiting lists for social housing. More than 28,000 people have lost their homes as a result of delays in the implementation of the home owners' mortgage scheme, following its announcement last December. In February, the Prime Minister said that he would do everything in his power to stop repossessions, yet the Council of Mortgage Lenders estimates that there will be 75,000 repossessions this year alone, a rise of 67 per cent. on last year. Members will have seen the figures in today's press which suggest that the repossession rate will continue to rise, and the frightening graph projecting a forecast of mortgage arrears that will undoubtedly lead to yet further repossessions.

I also want to say something about public debt. We face a future crippled by debt and, while the Prime Minister keeps talking about the global nature of this crisis, we should understand that we are alone in our present approach to debt. Of the G7 countries, not one other will countenance an increase in the level of debt such as that proposed in this Budget. Shockingly, the Office for National Statistics revealed this month that, in the financial year 2008-09, the public sector recorded a deficit of £52.3 billion. That public sector net debt, expressed as a percentage of gross domestic product, was 50.9 per cent. at the end of March 2009, compared with 43.1 per cent. at the end of March 2008. By 2013, total Government debt will rise to a staggering 79 per cent. of GDP. Across the EU, no other country is considering such a rapid rise in debt levels.

The International Monetary Fund report, "The State of Public Finances", indicates that, from 2009 to 2014, we are alone in our reckless approach to borrowing. Germany's debt will rise from 76.1 to 77.2 per cent., and Spain's will rise from 48.6 to 56.3 per cent. Even for Italy, a country that is no stranger to borrowing, the IMF predicts a rise of under 10 per cent. across the same period.

The circumstances to be found more widely across the world are even more alarming. China's debt will fall, as will that of Brazil. Indeed, the IMF's "World Economic Outlook" indicates that world public debt, including that of vast numbers of developing economies, will only rise from 61 per cent. in 2008 to 71 per cent. in 2014. All of this risks our competitiveness, productivity and prudence.

I am not an economic liberal. Indeed, I am not a liberal at all. It is one of the destructive products of the orthodox acceptance of liberalism that we have come to regard individuals and their will as being more important than the history that precedes them, the coming generations that they spawn or the families and communities rich in values and ideas that nurture them. So I am not an economic liberal and have no problem in principle with the role of government in mitigating the excesses of the state of nature. But I am a fiscal conservative. The reason for my being so is that I believe in the long run and the long term—what we see in this Budget and in the Government's economic policies is what happens if one does not. Rather than prepare for the future, the Government built their economic programme on two things—high levels of public debt and private borrowing, and high levels of public expenditure—which in the end could not be sustained.

Those are the things that fuelled our economy for more than 10 years. They emphasise the material, the immediate and the individual, but what really counts is the permanent, the communal and the prudent, and it seems to me that the day of reckoning has now come. Good parents want the best for their children—as I said, I want the best for mine—and they must despair, as I do, when they read that their children will have to pay for the decisions that we are going to take today. If we want to give our children the best possible chance in life, the opportunities to succeed regardless of from where they start and the chance to live in a home of their own in a strong, cohesive community, we need public policy that focuses on the long term, we need politicians who are prepared to sacrifice the immediate interest for something greater, better and more strategic, and we need a Government who care about the long run.

8.57 pm

Stephen Hammond (Wimbledon) (Con): It is a great honour to be called to speak in this debate, and I am delighted to follow my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes). Deciding exactly what to say is one of the problems for tail-end Charlies in this debate, because although there is a lot to talk about, so much has been said before. I do not seem to get invited to the same number of things as the hon. Member for Hornsey and Wood Green (Lynne Featherstone), so I spent my one-line Whip night off last night, and indeed this morning, reading the contributions that other hon. Members have made—that shows what an exciting chap I am—and I found that it appears that Budgets are judged by certain tests.

The Secretary of State for Work and Pensions opened today's debate by saying that it should be about people, not statistics, but of course he spent the remainder of his contribution making up statistics and fantasy policies of which to accuse the Conservative Front-Bench team. He missed out the key statistics—the amount of debt with which this Government will saddle future generations and the fall in total managed expenditure that will result. He was completely wrong in what he said, because the statistics are what this is about, for it is they and the forecasts that underlie what the Chancellor has put into the Budget that will determine the fate of people.

Many hon. Members have observed that every Budget is judged by certain tests, and it seems to me that those tests are threefold. The primary and central test of a Budget is whether it does and will improve the health of our economy and the wealth of our people. In today's economic climate, one might judge that by considering whether a Budget delivers the real help that people need in the recession. One of the concerns expressed by a number of hon. Members has been that some of the help that is available is too little and too late.

Like other hon. Members, I have received representations from businesses in my constituency over the past three or four months. People tell me that they have heard about various Government schemes to ensure that banks start lending but that are not happening in reality.

[Stephen Hammond]

Representatives from one business came to see me here less than six weeks ago, with exactly that problem, and that business is now relocating to Toulouse rather than staying in Wimbledon.

Another test should be whether the Budget will put the public finances back into order and deliver sustainable growth. Beyond the central tests, there are two other tests, the first of which is the unravelling test. How long does it take before the forecasts are found to be inaccurate? How long does it take for the consequences of the measures announced to be revealed? Everyone will remember the dramatic 2 per cent. cut in the basic rate of tax, but it only took half an hour to work out that it came at the expense of those paying the 10p tax rate. This Budget has failed that test spectacularly. Even as the Chancellor was speaking, the borrowing numbers—which are linked to the growth numbers—became incredible, and my right hon. Friend the Member for Witney (Mr. Cameron) rightly accused the Chancellor of swallowing the numbers rather than announcing them.

The third test is the devil in the detail test. Much has been written over the years about the 1997 smash and grab raid on UK pensions, but there are some equally pernicious measures in this Budget on pensions, including the tapering of relief and the limit on one-off contributions that will hit the aspirational and wealth-creating class whom we need to encourage.

Other hon. Members have spoken about some of the other devils in the detail today, including the point that the support through the tax credit is £20 a year, not £20 a week. The biggest failure of the devil in the detail test is that anyone earning £20,000 a year will see an increase in tax through their national insurance contribution.

The central test is the health of the economy. As the right hon. Member for Birkenhead (Mr. Field) said, at the moment we are taking 38 per cent. in tax and spending 48 per cent. If the forecasts are wrong, those numbers are wrong, and they are wrong in a harmful direction for the economy. The slowing of growth is the norm for economies in economic cycles: recessions are not, and the UK has had only three recessions since the second world war. Page 200 of the Red Book states clearly that

"the current downturn is forecast to be much deeper than that of the early 1990s, but not as deep as that of the early 1980s."

However, if that forecast is wrong, the implications for everyone in this country are even more worrying.

Mr. Hayes: As my hon. Friend will know, recessions have a shape. The Government do not know whether this is a V-shaped recession or a U-shaped recession. Their projections for growth suggest a V-shaped outturn to the recession, and that is not just optimistic but suggests a degree of magic—not so much Dumbledore or Gandalf, but more Tommy Cooper.

Stephen Hammond: It is more likely to be Ali Bongo. He was a failed magician and these are likely to be failed forecasts.

Page 181 of the Red Book says that UK GDP will contract by 3.25 per cent. in 2009. It then states:

"As macroeconomic stimulus builds and credit conditions ease"

there will be

"annual growth of 1¼ per cent. in 2010"

and

"3½ per cent. in 2011".

We have to ask ourselves whether that is actually credible.

Let us forget the fact that the IMF disagrees with the 2010 number, and the fact that the Chancellor has just put up the 2011 growth number by a whole percentage point against the figure in his pre-Budget report. The real test of credibility is found in testing against the evidence of history. History teaches us first that recessions are not common, and secondly that quick recoveries from recessions are not common either. Typically, once a trough is reached—this is the point about a U-shaped or V-shaped recession—it takes two years to return to trend growth rates.

Let us consider the two recessions that are referred to in the Red Book. During the recession of 1979 to 1982, the first quarter of negative growth happened in the first quarter of 1979. However, the recession was not evident until the fourth quarter. We had consistent negative growth through to the first quarter of 1981 and we did not return to trend growth until the first quarter of 1983. The recession of the 1990s followed a shallower but similar pattern. The first quarter of negative growth was in Q3 of 1990 but it was not until Q3 of 1993 that we returned to trend growth.

It seems to me that what the Chancellor has postulated, which is that we will see a growth of 3.25 per cent. in 2011, borders on the incredible. The first negative quarter of growth in this recession was in the third quarter of 2008. We have had three quarters of negative growth since then. It is quite clear from the Chancellor's prediction for the fall in GDP this year that we will continue to see negative growth quarters up until the fourth quarter of this year—let us be optimistic and say that that will be the last quarter of negative growth. The point is that we will not see any return to trend growth until at least two years after that, which takes us well beyond the Chancellor's expectations for 2011.

Mr. Brooks Newmark (Braintree) (Con): The implication, if I understand what my hon. Friend is saying, is that there will once again be a hole in the Government's budget. If growth is not V-shaped, then the tax revenues that the Government have assumed will be collected will not magically appear. Does my hon. Friend share those concerns?

Stephen Hammond: My hon. Friend, as ever, gets to the point that I wanted to make rather more quickly and more eloquently than I did. I am making exactly that point. These statistics and these forecasts do matter, because they matter for people. When they are proved to be wrong, the hole in the public finances will be even bigger, the debt mounting on people will be even bigger and the tax receipts that will have to be raised in the future will be even bigger.

I accept that there are international causes to this recession, but it is not true that, as one hon. Member said, this is a very different depression or recession from any other. If we look at history, by what are recessions characterised? They are characterised by a sharp drop in house price inflation and a drop in business investment as a percentage of GDP. Company profits and corporate profitability fall as a share of national income. There is a sharp rise in unemployment, a rise in inflation as measured by the retail prices index and a rise in short-term

rates. We can all agree that, barring the last two, those features are present in this recession. A number of people would also argue that the difference in inflation as measured by RPI and the consumer prices index shows that a lot of people are experiencing that hike in inflation, because the CPI has been deflated by the mortgage impact.

A number of people, including in particular the right hon. Member for Oldham, West and Royton (Mr. Meacher), made the point that there is a big difference in lending levels at the moment. The base rate might be at 0.5 per cent., but the banks are lending to the companies that need to make the investment at levels closer to LIBOR and over LIBOR. The banks are not allowing companies to borrow at rates that will allow them to make the investment they need.

Mr. Hayes: My hon. Friend illustrates the point that one of the differences between responses to earlier recessions and to this one is that it is much harder for the Government to pull policy levers that have a direct effect. Interest rates are a classic example; another is what economists call saturation—people are unlikely to spend on capital goods they already have. Cars are a good example, which is one reason the Government's car scheme is unlikely to succeed.

Stephen Hammond: My hon. Friend is obviously correct. He leads me to my next point.

Today, a number people have spoken about John Maynard Keynes, of whom much is made by the Prime Minister. However, we have forgotten two of Keynes' central propositions, one of which was about counter-cyclicism. After years of growth, the public finances ought to have been in a position to bear large fiscal stimuli, but because the Government spent all the way through the good times, the public finances are not in that order.

The second point is taken as an absolute shibboleth even though it is not actually what Keynes said. He did not say that we should spend our way out of recession. He said that public finances and public spending might need to be raised, but that what was actually needed was to raise effective demand. There are a number of ways of doing that, which lead directly from my hon. Friend's absolutely correct point about saturation.

The central point is that the Secretary of State for Work and Pensions was wrong this afternoon. The debate should be about statistics and forecasts, because they will undermine the Budget and its effect on people's lives. It seems to me that history tells us that the Chancellor's forecast numbers are unlikely to prove either credible or sustainable, that a number of the actions taken have been too little, too late, and that there is dishonesty in postponing until after the general election—without telling people—the taxes on the many and the cuts in public expenditure that the Government propose in the Budget.

The Budget will not return the economy to sustainable growth or restore public finances. As my right hon. Friend the Member for Witney said, it is absolutely true that all Labour Governments run out of money and it will be an incoming Conservative Government who will have to encourage saving, prioritise reductions in taxation on the many and spend responsibly on essential public services. This country needs that cure sooner rather than later.

9.13 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to follow my hon. Friend the Member for Wimbledon (Stephen Hammond) and an honour to be the last Back-Bench speaker in this important debate on the 2009 Budget. Although my words of wisdom may not be remembered in perpetuity, we shall certainly not forget this important debate.

I have a six-month-old son. He has yet to learn to say the word "Daddy", let alone "quantitative easing", but it is a statement of the problems we now face that, along with every child yet to be born, he is saddled with a debt of £22,500, thanks to the Government. Not since the war have we been in such a bankrupt and battered state as we are today. It is of course a global economic downturn.

Mr. Newmark: Will my hon. Friend give way?

Mr. Ellwood: So early—I should be delighted.

Mr. Newmark: I was taken by the age of my hon. Friend's new son. Is my hon. Friend aware that his son will probably be 23 or 24 years old before we return to a debt to GDP ratio of about 40 per cent?

Mr. Ellwood: I did not intend that my son should become the focus of the debate, but I am grateful for my hon. Friend's intervention. I thought that I knew how my son would vote, but after he realises that he will have to pay back £22,000, we will be sure of his voting intention.

The extent to which countries may protect themselves from exposure by avoiding large-scale debt differs from country to country. Thanks to the Government's relaxation of the rules in the UK, banks were lending money that they did not have, to people who could not afford it, in ways that they did not understand. The Bank of England's powers were transferred to the Financial Services Authority, which did not know how to use them, and the Government then saddled the country with debt. They even tried to change the economic cycle to conceal the debt that was being accumulated. As a result, Britain has been the worst hit economically of all G20 countries, which puts in perspective the importance of the 2009 Budget for leading the nation through choppy waters towards a calmer and more stable economic environment.

As hon. Members have repeated throughout our four-day debate, however, there has been no leadership or vision, or even a sustainable and costed plan. The Budget not only lacked honesty in spirit, but broke Labour's own rules, which have arguably kept them in power for three Parliaments. As soon as the Chancellor sat down last Wednesday, every economist worth his salt was queuing up to criticise the Budget.

The first criticism was about the amount that the Government will borrow: £348 billion over the next two years. That will not only double the national debt, but exceed the total borrowing of all Governments going back 300 years. If that is not shocking enough, the Government say that borrowing will reach more than £600 billion over the next four years, which will saddle even those taxpayers who are yet to be born.

The next criticism was about the way in which the Government intend to pay the money back. A pivotal point of the Budget statement—when, if the country had not already written the Government off, they would

[Mr. Ellwood]

have done so—was when the Chancellor claimed that the economy would grow by 1.25 per cent. next year. Let us not forget that the Chancellor predicted in the pre-Budget report that GDP in 2009-10 would be 2.5 per cent., with net borrowing at £38 billion and income receipts to the tune of £171 billion. Six months later, he had to admit that the economy would not grow by 2.5 per cent., but shrink by 3.5 per cent., and that net Government borrowing would be not £38 billion but £175 billion. The shortfall comes in because of net income receipts, because they are to be not £171 billion, but just £141 billion.

How, therefore, can we believe any prediction that the Chancellor or the Prime Minister make? The only thing that can be believed with any assurance is the Chancellor's reputation as the worst forecaster in modern history. I am sure that last Wednesday's statistics will come back to haunt him in November's pre-Budget report.

Mr. Newmark *rose—*

Mr. Ellwood: My hon. Friend tests my patience, but I shall give way a second time.

Mr. Newmark: I am grateful to my hon. Friend. He makes a good point about debt, but it would be helpful to set out a broader picture. He talks about debt of £600 billion or £700 billion, but when that is added to what already exists, the figure will be closer to £1.4 trillion, which is 100 per cent. of GDP. While that is shocking in itself, what is most shocking is the Government's lack of transparency, as they are probably hiding an extra £1 trillion or £2 trillion off balance sheet.

Mr. Ellwood: I am grateful to my hon. Friend for giving way.

My hon. Friend's argument explains exactly why the IMF has dismissed the Budget—no wonder it has been given the nickname of the fantasy Budget. The IMF predicts not a recovery next year, but a worsening of the UK's situation, with not 1.25 per cent. growth, but a decline of about 4 per cent. The bottom line is that the Budget does not add up. The shortfall in tax revenues alone means that an additional £170 billion will be needed this year and next to meet the Government's targets.

Mrs. Lait: My hon. Friend talks about the large borrowing figures, but will he estimate the possible impact of the downgrading of the UK's credit rating because of that requirement?

Mr. Ellwood: My hon. Friend makes a valid point. We are at the mercy of the gilt markets and there is a danger that we will lose our triple A rating as a result, which would have a devastating effect on the economy.

Today, embarrassingly, many hon. Members have taken us down memory lane: rather than talk about this year's Budget, we have heard all about life under Margaret Thatcher. They fail to remember that it was Denis Healey, the Chancellor at the time, who in 1976 had to go to the IMF, first for a loan and then to be bailed out completely. I have a sneaking suspicion that we are wandering down that road again. I hope not.

Where did the money go? Where was it all spent? We have had a decade of boom, but it all seems to have disappeared. We all remember the stealth taxes, the doubling of council tax, the increases in corporation tax and the raid on pensions mentioned by my hon. Friend the Member for Wimbledon (Stephen Hammond), which have given Labour a staggering £1.5 trillion extra since they came to power in 1997. Where has it gone? The budgets for schools and hospitals have doubled, but can we say that services have doubled? No, we cannot. That money has been spent, but it has disappeared.

Every year, 34,000 people die unnecessarily in our hospitals. Cancer survival rates are still 20 per cent. lower here than in other European countries. Somebody catches MRSA or clostridium difficile every 10 minutes and one dies every 80 minutes. That is a scandal, considering how much money has been spent on the health service. In education, the story is the same. The number of NEETs is increasing and one in four primary school children fail to meet basic standards. Now, the funding problems in the Learning and Skills Council are threatening sixth-form places at the very time when people need education.

Many hon. Members have asked what the Conservatives would do. We have made it clear. Under Labour the economy has been built on debt, which is why my right hon. Friend the Member for Witney (Mr. Cameron) said at his spring forum speech that Britain needs a "complete change of direction" to deal with the new "age of austerity". We need a plan for economic recovery based on savings and ownership, not borrowing and debt. We need a new low-carbon, high-skilled productive and balanced economy that will be the engine of sustainable growth for years to come, and we must reform the public finances and our system of financial regulation, so that no Labour Government will be able to bankrupt us again.

Tackling Labour's debt crisis entails ensuring that the Government live within their means—that we control public spending and deliver more for less. That needs to start immediately—not in one or two years' time, but straight away. We need a new culture of thrift in government, because it is not Government money, but taxpayers' money. We need to cure our big social problems, not just treat them. That means school reform, welfare reform and strengthening our families.

Never has it been so easy to turn one's back on responsibility—to give up on education, knowing that the state will pick up the bill. Only now have the Government realised that and started to make amends, but their approach has had a cultural impact that could take a generation to shift. Instead of harnessing the full economic potential of the next generation, this Government have fuelled a cultural shift toward mediocrity. Surely we should be rejuvenating the next generation, encouraging them to stay in school until they are 18 not because the Government told them to, but because they want to; and to seek a job not because otherwise they would lose benefits, but because they have a skill on which they can build, for which they can be paid a good salary and of which they can be proud.

Finally, I shall discuss an important subject that the House often overlooks: British tourism. With exchange rates where they are and with the opportunity of the Olympics heading our way, tourism is our fifth biggest industry, but, as I said, it is overlooked. Tourism is

worth £114 billion to the economy, is twice the size of the IT services sector and four times the size of the agriculture sector, but it does not get the attention it deserves. It sustains more than 2.6 million jobs and is responsible for one in every four new jobs created here in the UK. It is worth our attention because every pound that Visit Britain spends abroad brings £25 back into the economy. How many other departments can say that their spending money in that way brings money back into this country's Exchequer? I want more emphasis on how we can take advantage of that.

The UK is the sixth most popular place to visit in the world, but this Government do not recognise that. They have just cut Visit Britain's budget by 20 per cent., which is a scandal. There is no leadership in the Department for Culture, Media and Sport. Regulations are created in other Departments, but the DCMS has no say at all. Visa costs went up by £130 per cent., and DCMS had no say in the matter. Fire regulations are hitting bed and breakfasts hard; DCMS had no say in the matter.

I think that it is page 8 of the Red Book that shows that there is to be a removal of tax relief on holiday lets; that was done without any consultation with DCMS whatever. We have no idea what the impact will be on the industry, and how many holiday lets will close. The measure will, of course, affect places such as Fowey in Cornwall, where I spent a week during the recess. If those places close, it means a loss not just to the individual who provides the let, but to local pubs, the local community, and the tourism operations there.

There is also the issue of structures. The creation of the regional development agencies has taken responsibility for tourism away from a body with a national voice, such as Visit England, and given it to the nine regions, which ended up competing with each other in a confusing and overlapping system. The irony is that the Government have now realised that and are reinvigorating Visit England, but it is a decade too late.

There is not enough time to do justice to other issues, including the closure of 36 pubs every single week. The increase in duties is a tax on the many, not the few who drink irresponsibly. The VAT reduction to 15 per cent. was not helpful at all, because people in the retail and tourism sectors were already giving 10, 15 and 20 per cent. discounts. Why on earth are the Government changing VAT back to 17.5 per cent. on 31 December, at the end of this year? I do not understand that, and I hope that the Treasury Ministers on the Government Bench will take this issue away and consider it. That has to be the busiest period for any bar, pub or club, or any retail outlet. I ask the Government to take a look at that, and to shift the change to a different day.

There was reference in the Budget to bingo; VAT on bingo has now been removed. That has long been called for, but what the Government give with one hand, they take away with the other, as gross profits tax has gone up to 22 per cent. That means that bingo clubs will start closing across the UK. The dear old ladies who like their one night out will have nowhere to go. Bingo halls are part of our community. People who choose to take part in soft gambling may migrate to harder forms of gambling. That cannot be good, so I ask the Government to reconsider that. There is also the issue of what to do with regard to the announcements on swine flu. I just want to show the House the *Evening Standard*. It says: "Killer flu virus 'already circulating in London'". That does not help British tourism at all.

Mr. Deputy Speaker (Sir Michael Lord) *rose—*

Mr. Ellwood: I knew that I was going to get into trouble.

Mr. Deputy Speaker: Order. Visual aids are strongly discouraged in the Chamber.

Mr. Ellwood: That is exactly why I read the headline out. I thought that I would get away with that. That story is in the *Evening Standard* tonight, and it is a disgrace that there is such speculation, without any knowledge behind it. It is just scaremongering, and does nothing to help British tourism whatever.

In conclusion, this is the worst Budget imaginable at the worst of times. In the end, it was more about partisan politics than responsible Government. It was a tribal Budget, with its flagship policy of a 50p tax rate—a crude attempt to corner the Conservatives and shore up Labour support rather than care for the nation's finances. The Government are not on the back foot, but on their knees searching in the gutter for ideas, as the disgraced Damian McBride proved only last week. The Government blame the US, but it is not the US that is responsible for 120 per cent. mortgages here, or indeed for easing the borrowing rules introduced more than a decade ago.

It is said that Governments often reach their sell-by date, and that the nation simply wants a change, and if we are honest, that could be said about 1997, but the difference between John Major's Government and the Government of today is that we looked after the economy right up to the end date, and we handed over something worth talking about—something that we can actually be proud about. What is happening here is exactly the opposite. Today's Government seem to be out of touch, and are certainly out of ideas. They are going down, and attempting to drag the country with them. If there was one ounce of honour left in the new Labour project, the Government would fall on their sword and allow the nation the chance to vote and put the country out of its misery. This discredited Administration will selfishly limp on until May 2010, when finally the curtain will come down on a Government who have refused to apologise for their part in Britain's economic downturn, and who have no idea how to get us out of it.

9.29 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): As many of my hon. Friends have pointed out, we have scarcely reached the end of the Budget debate, and already its subject has fallen part. After four days of parliamentary scrutiny, the Chancellor's Budget, which was flimsy when it was delivered, has comprehensively unravelled. It is already looking as fanciful as the pre-Budget report quickly became. The past week has seen the final nail in the coffin of what little remained of Labour's economic credibility. Within minutes of the Chancellor sitting down, his growth forecasts were flatly contradicted by the International Monetary Fund, and his Budget was condemned by the CBI as lacking a "credible and rigorous" plan to restore the public finances.

Within days, the first quarter growth showed the economy contracting far faster than the Chancellor indicated in his Budget statement, undermining the foundations on which the entire Budget was constructed. The right hon. Member for Neath (Mr. Hain), who is

[Mr. Philip Hammond]

no longer in the Chamber, said that the growth predictions were lower than the Chancellor had predicted five months ago. In fact, they were lower than the Chancellor had predicted two days ago. I was struck—and I suspect that many of my colleagues were, too—by the tone of Labour Members' speeches this evening. They just do not seem to have grasped the implications of the Red Book for future spending, or the fact that it is already obsolete, reflecting, just a week after the Budget, a best-case outcome if economic recovery is far quicker and stronger than the IMF and all other reputable commentators have predicted.

I was asked on Sunday whether I had any idea how the Chancellor had arrived at his 3.5 per cent. growth prediction for 2011. I think I do. My very first boss showed me something that he called the "right-hand up" budgeting approach. He started in the bottom right-hand corner of the spreadsheet with the number he wanted to reach, and he worked up to the top left-hand corner, filling in the numbers that he needed to get the answer he wanted. It is an exercise in fantasy forecasting that undermines not only the robustness of the Budget but the credibility of the entire process. The case for an independent office of Budget responsibility, proposed by my hon. Friend the shadow Chancellor, has never been made more eloquently than by the Chancellor himself in presenting those fantasy forecasts last week.

What the country needed last Wednesday was a clear, objective and realistic statement of the position that we are in and a deliverable projection of future growth and revenue—a Budget that set out the measures needed to restore the public finances from that real base, not from fantasy figures, restoring a discipline to fiscal policy making that has sadly evaporated. What we got was a Budget that had more to do with saving the Prime Minister than with saving the British economy. As usual, it was based on spin.

The story of the day was supposed to be the new 50 per cent. tax rate, signalling not just the casual breaking of another manifesto pledge, like the pledge to hold a referendum on the European constitution, but a final ritual burial of the new Labour project. If new Labour was about anything, it was about reaching out beyond its traditional core support to a wider public in an aspirational nation. It speaks volumes about the Prime Minister that, facing a general election that will be a referendum on his competence and record in managing the British economy, he has abandoned any attempt at broad appeal, and has refocused his efforts on his core heartland vote, chucking a bit of red meat to those who despise aspiration and success, revealing as much about himself, his values and priorities, as a clutch of unauthorised biographies could ever do.

We know that the Prime Minister is obsessed with political dividing lines, and the 50p tax rate was supposed to be a new one. He needed it, because the old one—public spending and investment—was rubbed out when his Chancellor announced the most swingeing real-term cuts in public spending since the second world war. We can probably imagine the scene in the Downing street bunker: things are pretty tense in there anyway—a week or so ago, they had to take one of their own outside and shoot him. Those who are left are understandably nervous. The Secretary of State for Children, Schools and Families, normally a key player, has to keep his head below the parapet, lest someone derails his plans by reminding the electorate that he is in fact the co-author of the Prime Minister's 1,000-year plan for the British economy that has failed so spectacularly.

A new dividing line was called for, and one was found—no matter that it will damage the British economy; no matter that it will cost jobs in the upturn; no matter the signal that it will send to the next generation of entrepreneurs and inward investors; no matter that the experts do not believe that it will raise anything like the sums of money that the Chancellor is pretending. As the right hon. Member for North Tyneside (Mr. Byers) said yesterday, this so-called policy is mostly about

"political positioning and tactical manoeuvring"—[*Official Report*, 27 April 2009; Vol. 491, c. 615.]

The subliminal message is supposed to be, "We've got you in a mess, but don't worry. We'll sort it out by taxing the rich." But the British people are not stupid. They have been here before. They know it does not work like that. If one studies the Budget book closely, one sees that it does not even pretend that it works like that, either in the bits that the Chancellor told us about last Wednesday or in the bits that he did not tell us about. In the bit that he told us about, only half the tax increases are paid for by the rich.

The other half are taxes on ordinary families—on alcohol, tobacco and fuel and, of course, the stupidest tax of all, on jobs, which is the national insurance contribution increase in 2011 that will hit everybody earning £20,000 a year or more, just as the economy is starting to grow again. In the bit of the Budget that the Chancellor did not tell us about, there are another £45 billion a year of tax increases pencilled in to make his numbers add up by 2017, even with his highly optimistic growth assumptions. That is £1,430 per family of extra tax every year for every family in Britain—a secret Labour tax bombshell aimed at the many, not the few, and timed to go off after the next general election.

Maybe the Chancellor was a little pushed for time when he was making his Budget statement. He seemed to gloss over the dramatic changes in spending plans in his Budget speech. The downgraded spending growth assumption from 1.1 per cent. to 0.7 per cent. was announced without any fanfare. There was no mention, either, of the allocation of £2.3 billion of cuts to the NHS next year, or of the halving of net public capital investment over the next five years—something that Labour have consistently said they would not do in response to economic pressure.

Let me remind my right hon. and hon. Friends that at the time of the 2005 general election, when the Conservatives were already warning that public spending was growing too fast and needed to be restrained, the Prime Minister told the country that every conceivable efficiency saving had already been made, and that any further reduction in public spending growth would lead to a catastrophic collapse in front-line services. Since that election, he claims to have made £26 billion in efficiency savings. Last November he discovered another £5 billion-worth and, last week, he told us that he had found another £9 billion. That is £40 billion in total.

Let me remind the House what the present Chancellor said back in 2005:

"Far from being able to fund such huge cuts in 'bureaucracy', £35 billion is actually the equivalent of sacking every teacher, every GP and every nurse in the country".

yet he has done it, and then some, so he claims. No one believes a word the Government say on spending any more. It is pure political spin. If they had taken our advice then, the public finances would not be in the mess they are in now, and our public services would be more robust, more sustainable and better prepared for the challenges that they will face.

The truth, which we did not hear in the Budget statement, but had to glean from the analysis of the Institute for Fiscal Studies, is that after taking into account the increase in the service cost of our mountain of debt and the additional cost of benefits to those caught up in this recession, the Chancellor's figures presented last Wednesday represent a real cut of 2.3 per cent. in departmental expenditure budgets after 2011—the biggest spending cut that has ever been imposed in Britain's post-war history. All in all, it was the most dishonest and most partisan Budget that we have yet seen from the Government, and it beat off some competition to win that title.

The Government talk about fiscal stimulus and counter-cyclical policies, but the only cycle that the Prime Minister has ever understood is the electoral cycle, and that has been the driver of this Budget: a crowd-pleasing, economy-damaging increase in tax on the few before an election; a hidden tax bombshell targeted at the many after an election; a huge increase in public spending before the election; a real-terms cut in departmental spending, on a scale never before seen, after the election. It is not about the economy; it is about the election.

In my winding-up speech on the Budget last year, I reminded the House that the Prime Minister, when he was Chancellor, used to like to amuse audiences with the thought that there were just two types of Chancellor: those who failed and those who got out early enough. He clearly thought, as he left No. 11 in the summer of 2007, that he was safely in the latter category, but, as his legacy crumbles around him, the British public can now see that he is not only firmly in the former category, but in a sub-class of spectacular and cataclysmic failure all of his own.

This Government inherited the best economic legacy of any Government since the war. *[Interruption.]* Oh yes they did. Every single economic indicator was set to positive in 1997, yet they will leave to their successors the worst economic situation since the great depression—worse, even, than the carnage of 1979. The Prime Minister, the man who single-handedly managed the British economy for a decade and, as I remember, was happy enough to take the credit for it when it was going well, is responsible for turning that golden legacy into this disaster. It was he, aided and abetted by the Secretary of State for Children, Schools and Families, who was responsible for the failed system of regulation that prevented the Bank of England calling time on debt, and who let our banks and our households borrow too much; it was he who failed to prepare Britain for the recession, so that we entered it with the highest public sector deficit of any major industrial nation; and it was he who failed spectacularly to deliver the solutions that the nation needs to address the challenges that we now face.

This is probably the penultimate Budget of this bankrupt Government. They are an economically bankrupt Government, borrowing more than £1 of every £4 that they spend, and presiding over the worst recession and biggest deficit that this country has ever seen, with, according to the CBI, no credible or rigorous plan to restore the public finances. They are a morally bankrupt Government, with a vicious culture of spin, manipulation and sleaze—dodging the truth, postponing the pain and putting off until after the election what for Britain's sake needs doing today. They are inward-looking and focused on saving their own skin at all costs. They said that this Budget was about jobs. Correction: it is about a job. When the Prime Minister talks about his priorities, we know exactly what they are.

They are an intellectually bankrupt Government, too, because the Prime Minister's only policy, his only solution to every problem, has been to throw more money at it. Any fool can spend money and, to be fair, cut budgets, but, now that the cupboard is bare and the country must start living within its means, the challenge for policy makers is to do things smarter rather than simply to spend more public money. That leaves the Prime Minister devoid of answers to the challenges of the future.

This Budget was a final opportunity for the Government to level with the British people about the scale of the problems that the country faces, and to set out a clear, credible and rigorous plan for addressing them, but they fudged it. They spun it. Within minutes, the assumptions on which the Budget is constructed were discredited; within days, it had completely unravelled to expose how they have ducked the real challenges. It is now clear that they will carry on playing their political game until finally their time runs out and this unelected, failed Prime Minister can be put out of his misery by the British electorate. Then Britain can start the long process of rebuilding its economy and its public finances and of putting this country back on the path to sustainable prosperity.

9.45 pm

The Chief Secretary to the Treasury (Yvette Cooper): We have had four days of debate on Budget measures. We heard from my right hon. Friends the Members for Coatbridge, Chryston and Bellshill (Mr. Clarke) and for Neath (Mr. Hain) about the importance of not returning to the policies of the 1980s, which had such devastating consequences for Britain. We heard from the hon. Members for Gainsborough (Mr. Leigh) and for Belfast, North (Mr. Dodds), who talked about the importance of efficiency savings; many of the kinds of things they mentioned are under way as a result of the operational efficiency review. We heard from my hon. Friend the Member for City of Durham (Dr. Blackman-Woods), and from the hon. Members for Hornsey and Wood Green (Lynne Featherstone) and for Foyle (Mark Durkan), about the value of support for those who are losing their jobs. We heard, too, from the hon. Members for Wimbledon (Stephen Hammond), for Bournemouth, East (Mr. Ellwood) and for South Holland and The Deepings (Mr. Hayes), who argued for the importance of public spending cuts.

We hold this debate at a difficult time for the British economy and the world economy. For the first time since the second world war, the economy of the entire world is shrinking. Many of the biggest banks in the world have had to be rescued by their national Governments. World trade has dropped. By the end of last year, the German economy had shrunk by 3.1 per cent., the

[Yvette Cooper]

Japanese economy by 4.6 per cent., and the UK economy by 2.3 per cent. The world stock market is down £30 trillion from its peak in 2007. So, as we agreed at the G20 summit, it is vital that every Government act to support their economy through a difficult time. That is why this Budget sets out further measures to help those who lose their jobs, to help those fearful of losing their homes, to help businesses struggling to invest, and to help savers affected by interest rate reductions—all measures to support the economy at a difficult time. My right hon. Friend the Secretary of State for Work and Pensions set out proposals for £5 billion of extra investment to help the unemployed: extra help and advice; extra training places; golden hellos for employers who take someone on; and now a jobs guarantee backed by 250,000 new jobs. I think that those are the most important measures in the Budget, because we should never go back to the travesty of long-term youth unemployment that we saw in the 1980s.

Before today's debate I had assumed from the statements of Conservative Front Benchers that they opposed the extra help for the unemployed, but the right hon. Member for Maidenhead (Mrs. May) said that she supported it. As we made clear, this is £5 billion of extra spending over this year and next, paid for primarily by additional short-term borrowing; it is part of the fiscal stimulus. Again, I give her an opportunity to tell the House whether she supports the extra investment for the unemployed and has done a U-turn on the fiscal stimulus, or opposes the additional £5 billion of investment over the next two years to support the unemployed. I give Conservative Front Benchers the opportunity to intervene—Back Benchers may also want to do so—to tell us whether they support the £5 billion of additional investment to help the unemployed. The right hon. Lady said that she did, yet the shadow Chancellor has said that he does not. Do they support extra investment to support the unemployed, or not? Do they support the fiscal stimulus, or not? *[Interruption.]* They are saying that it is not £5 billion. We have set out £5 billion of additional spending over this year and next as part of the pre-Budget report, and yet Conservative Members refuse to support it.

Let us turn to business, where the same question applies. The shadow—*[Interruption.]*

Mr. Speaker: Order. The Chief Secretary should be allowed to address the House properly. *[Interruption.]* Order. Far too many right hon. and hon. Members are interfering.

Yvette Cooper: I have offered Opposition Members the opportunity to get to their feet and tell me what their policy is, but they repeatedly refuse.

I shall set out the issue for business. As part of the Budget, we have set out additional capital allowances for business. The right hon. and learned Member for Rushcliffe (Mr. Clarke), the shadow shadow Chancellor, said in yesterday's debate that he agreed with those measures, but they, too, are part of the fiscal stimulus, funded by more than £1 billion of extra borrowing this year. We will get extra revenue in future years as a result.

Do the Opposition support those tax allowances and the extra funding for business, or would they prefer the shadow Chancellor's approach? He has argued that in fact we should cut such tax allowances and make it harder for businesses to invest in the future. No Opposition Member will tell us what they think about policies to help the unemployed and businesses. Those are the measures in our Budget that we are debating today, and the Opposition have refused to support them. They refuse to support the economy through a downturn and a recession, and they refuse to back the additional support that the economy needs.

The Budget also set out extra help for families, savers and pensioners, and of course we have the sustained cut in VAT. The hon. Member for Twickenham (Dr. Cable) has opposed that, yet independent economists are now saying that it is working to support the economy and retail sales. The total fiscal stimulus is likely to reduce the drop in national income by 0.75 per cent, yet Opposition Members have opposed that action to reduce the severity of the recession.

Alongside the action on interest rates and the action to safeguard people's savings in the banking system and get banks lending again, those measures are supporting more than 500,000 jobs, but again, the Conservatives are opposing that. When we debated the last Budget 12 months ago, their soundbite of the month was that they wanted a Government who got off people's backs. It turns out that they wanted a Government who turn their back, just as their party did in the '80s and '90s.

The right hon. and learned Member for Rushcliffe argued yesterday that we could not afford to support the economy in this way. The truth is that we cannot afford not to. If we do not take action now, this recession will run longer and deeper, push debt up higher and cost us all more in the long run. The Nobel prize-winning economist Paul Krugman has said:

"The bottom line, then, is that people who think that fiscal expansion today is bad for future generations have got it exactly wrong. The best course of action, both for today's workers and for their children, is to do whatever it takes to get this economy on the road to recovery."

We can afford to support the economy right now, because our public sector debt when the credit crunch hit was one of the lowest in the G7. That is why the IMF said:

"Some countries entered the crisis with greater fiscal space to expand, including more favorable levels of deficits, public debt contingent liabilities and interest rates (Canada, China, France, Germany, the UK and the US)".

But yes, public finances are being affected here, as they are across the world. Tax revenues from the City have been particularly hit, but we have automatic strong support for families during an economic downturn built into our tax credit and welfare system.

The IMF forecast, on which Opposition Members are so keen, is still that UK public sector debt, when it is at its highest level in a few years, will be below that of Germany and the US, significantly below that of Japan and Italy and only slightly higher than that of France. Every one of those countries is backing increased Government action to support their economies right now, because they know, as we know, that we cannot cut our way out of recession. We have to invest and grow our way through a downturn such as this.

There is a clear choice. The Conservatives are offering a very different approach to recession. Not only are they opposing all the extra support to help our economy

recover, they want to go further and make cuts in the budgets with which public services are operating right now. The right hon. Member for Witney (Mr. Cameron) has said:

"We have said that the government should have come off its spending plans in 2009 and 2010, that they've got to make a start in reducing this deficit."

It is time that the Conservatives told us what their plans for this year and next would really mean. They previously told us that they wanted £5 billion of cuts in the budgets that people are already spending this year. On Wednesday, the hon. Member for Runnymede and Weybridge (Mr. Hammond) said that they would deliver £6 billion more in 2010. On Sunday, his party leader said:

"They've just announced a spending increase... of £20 billion for next year."

He later said,

"and now we're saying they should abandon their irresponsible plan to increase spending in 2010."

So which is it—£5 billion, £6 billion, £20 billion? The shadow Chief Secretary should watch out; his figures look positively profligate compared with those of his boss.

However, Conservative Members have never said where any of the savings would come from. They say the NHS computer, yet they have admitted that there are no savings to be found. They say ContactPoint, yet that recommendation of the Laming review costs £40 million to run and saves more than £80 million across services. They say tax credits for households on over £50,000, but that includes couples, both on the average wage, who form 0.2 per cent. of the tax credit bill—less than £40 million. That is not £5 billion of cuts, but tinkering. Again, Conservative Members play hide and seek and do not tell people where their axe would fall.

The Conservatives were a bit more open in February when they described specific restrictions on departmental budgets. Housing would lose £810 million in the middle of a recession, and education and training would lose £910 million this year—equivalent to cutting 220,000 apprenticeships now. That is economic madness. It is economically dangerous, not just today, but for the future. Such cuts would not only delay recovery, but push up the bills of recession and leave the Conservatives making even more cuts in future.

There will be tough choices for the future. The Budget sets out plans to halve borrowing over four years, because we need it to decrease, and we need those on the highest incomes to pay more. That is a fair way in which to help reduce borrowing. Public spending budgets will be tighter, which means setting priorities, and we will do that as part of the spending review. However, we have been clear: we will continue to support front-line services and we believe that it is right to reduce borrowing step by step, steadily as the economy grows, precisely so that we can continue to safeguard public services for the future. It is not the shock and awe approach of the Conservative party, which appears to want immediate cuts in borrowing and public services.

In the four-day debate, some Conservative Back Benchers have been literally salivating at the prospect of spending cuts. So much for modern, compassionate Conservatism and backing investment in public services. The right hon. Member for Witney has let the dogs off the leash and they are slavering for the flesh of the NHS. There are serious choices to make and the Conservatives are making different choices. We should listen to the glee with which the right hon. Gentleman calls for austerity. For whom does he want austerity? He wants austerity for public services and couples on the average wage who get tax credits, but not for the millionaires, whose tax increases he wants reviewed. He wants no austerity for millionaires' estates, to which he would give more money. Three thousand of the richest estates in the country would get an average of £200,000 each. At the weekend, the right hon. Gentleman said, "that will be done."

Conservatives say that the economic circumstances are so severe that they must ditch their plans to support our investment in public services. Yet the economic circumstances are clearly not sufficiently severe for them to drop their commitment to tax breaks for millionaires. That is shocking—a shocking set of priorities from the Conservative party, which would rather defend tax breaks for millionaires' estates than public services. They would rather cut investment in apprenticeships and housing in the middle of a recession than support action to help the unemployed and people who need our help now, so that we can get through the recession faster, come through it stronger and build for recovery.

We have set out our Budget for the future and plans not only to help the British economy through the world recession, but to build for the long term.

I commend the Budget to the House.

Question put and agreed to.

Resolved,

That,—

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation,

(b) for refunding an amount of tax,

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.

The Speaker put forthwith the Questions necessary to dispose of the motions made in the name of the Chancellor of the Exchequer (Standing Order No. 51(3)).

2. Income Tax (charge and main rates for 2009-10)

Resolved,

That—

(1) Income tax is charged for the tax year 2009-10.

(2) For that tax year—

(a) the basic rate is 20%, and

(b) the higher rate is 40%.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. Income tax (basic rate limit for 2009-10)

Resolved,

That—

(1) For the tax year 2009-10 the amount specified in section 10(5) of the Income Tax Act 2007 (basic rate limit) is replaced with "£37,400".

(2) Accordingly, section 21 of that Act (indexation of limits), so far as relating to the basic rate limit, does not apply for that tax year.

(3) This Resolution does not require a change to be made in the amounts deductible or repayable under PA YE regulations before 18 May 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. Income Tax (Personal Allowance for 2009-10 for those Aged Under 65)

Resolved,

That—

(1) For the tax year 2009-10 the amount specified in section 35 of the Income Tax Act 2007 (personal allowance for those aged under 65) is replaced with "£6,475".

(2) Accordingly, section 57 of that Act (indexation of allowances), so far as relating to the amount specified in section 35 of that Act, does not apply for that tax year.

(3) This Resolution does not require a change to be made in the amounts deductible or repayable under PAYE regulations before 18 May 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. Corporation tax (charge and main rates for financial year 2010)

Question put,

That—

(1) Corporation tax is charged for the financial year 2010.

(2) For that year the rate of corporation tax is—

(a) 28% on profits of companies other than ring fence profits, and

(b) 30% on ring fence profits of companies.

The House proceeded to a Division.

Mr. Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 302, Noes 243.

Division No. 100] **[10.1 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona

Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Moffatt, Laura
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and Chris Mole

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McGrady, Mr. Eddie

McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Brooks Newmark and Jeremy Wright

Question accordingly agreed to.

6. Corporation tax (small companies' rates and fractions for financial year 2009)

Question put,

That—

(1) For the financial year 2009 the small companies' rate is—

(a) 21% on profits of companies other than ring fence profits; and

(b) 19% on ring fence profits of companies.

(2) For the financial year 2009 the fraction mentioned in section 13(2) of the Income and

Corporation Taxes Act 1988 is—

(a) 7/400ths in relation to profits of companies other than ring fence profits ("the standard fraction"), and

(b) 11/400ths in relation to ring fence profits of companies ("the ring fence fraction").

The House divided: Ayes 301, Noes 243.

Division No. 101] **[10.21 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan

Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Moffatt, Laura
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and Chris Mole

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald

Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Brooks Newmark and Jeremy Wright

Question accordingly agreed to.

7. Value added tax (supplementary charge)

Resolved,

That provision (including provision having retrospective effect) may be made for and in connection with a supplementary charge to value added tax on supplies spanning the date on which the standard rate of value added tax reverts to 17.5%.

8. Stamp duty land tax (thresholds for residential property)

Resolved,

That—

(1) Part 4 of the Finance Act 2003 (stamp duty land tax) has effect in relation to transactions with an effective date on or after 22 April 2009 but before 1 January 2010 as if—

(a) in section 55(2) (amount of tax chargeable: general), in Table A (bands and percentages for residential property), for "£125,000" (in both places) there were substituted "£175,000", and

(b) in paragraph 2(3) of Schedule 5 (amount of tax chargeable: rent), in Table A (bands and percentages for residential property), for "£125,000" (in both places) there were substituted "£175,000".

(2) The following are revoked—

(a) the Stamp Duty Land Tax (Variation of Part 4 of the Finance Act 2003) Regulations 2008 (S.I. 2008/2338), and

(b) the Stamp Duty Land Tax (Exemption of Certain Acquisitions of Residential Property) Regulations 2008 (S.I. 2008/2339).

(3) The revocations made by paragraph (2) have effect in relation to transactions with an effective date on or after 22 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

9. Rates of duty on alcoholic liquor

Question put,

That—

(1) The Alcoholic Liquor Duties Act 1979 is amended as follows.

(2) In section 5 (rate of duty on spirits), for "£21.35" substitute "£22.64".

(3) In section 36(1AA)(a) (standard rate of duty on beer), for "£14.96" substitute "£16.47".

(4) In section 62(1A) (rates of duty on cider)—

(a) in paragraph (a) (rate of duty per hectolitre in the case of sparkling cider of a strength exceeding 5.5 per cent), for "£188.10" substitute "£207.20",

(b) in paragraph (b) (rate of duty per hectolitre in the case of cider of a strength exceeding 7.5 per cent which is not sparkling cider), for "£43.37" substitute "£47.77", and

(c) in paragraph (c) (rate of duty per hectolitre in any other case), for "£28.90" substitute "£31.83".

(5) For the table in Schedule 1 substitute—

Table of Rates of Duty on Wine and Made-wine

Part 1

Wine or Made-wine of a Strength not Exceeding 22 per cent.

Description of Wine or Made-wine	*Rates of Duty per Hectolitre* £
Wine or made-wine of a strength not exceeding 4 per cent.	65.94
Wine or made-wine of a strength exceeding 4 per cent. but not exceeding 5.5 per cent.	90.68

Table of Rates of Duty on Wine and Made-wine

Part 1

Wine or Made-wine of a Strength not Exceeding 22 per cent.

Description of Wine or Made-wine	*Rates of Duty per Hectolitre* £
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent. and not being sparkling.	214.02
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent. but less than 8.5 per cent.	207.20
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent. or of a strength exceeding 8.5 per cent. but not exceeding 15 per cent.	274.13
Wine or made-wine of a strength exceeding 15 per cent. but not exceeding 22 per cent.	285.33

Part 2

Wine or Made-wine of a Strength Exceeding 22 per cent.

Description of Wine or Made-wine	*Rates of Duty per Litre of Alcohol in the Wine or Made-wine* £
Wine or made-wine of a strength exceeding 22 per cent.	22.64

(6) The Alcoholic Liquor Duties (Surcharges) and Tobacco Products Duty Order 2008 (S.I. 2008/3026), so far as relating to excise duty on alcoholic liquors, and the Alcoholic Liquor (Surcharge on Spirits Duty) Order 2008 (S.I. 2008/3062) are revoked.

(7) The amendments made by this Resolution come into force on 23 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 296, Noes 232.

Division No. 102] **[10.36 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Moffatt, Laura
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George

Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Read, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Sloate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Watts, Ms Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and Chris Mole

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hulme, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard

Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Wills, Mr. Phil
Wilott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. Brooks Newmark and
Richard Younger-Ross

Question accordingly agreed to.

10. Rates of tobacco products duty

Resolved,

That—

(1) For the table in Schedule 1 to the Tobacco Products Duty Act 1979 substitute—

Table

1. Cigarettes	An amount equal to 24 per cent. of the retail price plus £114.31 per thousand cigarettes.
2. Cigars	£173.15 per kilogram
3. Hand-rolling tobacco	£124.45 per kilogram
4. Other smoking tobacco and chewing tobacco	£76.12 per kilogram

(2) The Alcoholic Liquor Duties (Surcharges) and Tobacco Products Duty Order 2008 (S.I. 2008/3026), so far as relating to excise duty on tobacco products, is revoked.

(3) The amendments made by this Resolution come into force at 6 pm on 22 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

11. Vehicle excise duty (rates from May 2009)

Resolved,

That—

(1) Schedule 1 to the Vehicle Excise and Registration Act 1994 (annual rates of duty) is amended as follows.

(2) In paragraph 1 (general)—

(a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule otherwise than with engine cylinder capacity not exceeding 1,549cc), for "£185" substitute "£190", and

(b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for "£120" substitute "£125".

(3) In paragraph 1B (graduated rates for light passenger vehicles), for the table substitute—

Table

CO₂ Emission Figure		Rate	
(1)	*(2)*	*(3)*	*(4)*
Exceeding	*Not Exceeding*	*Reduced Rate*	*Standard Rate*
g/km	*g/km*	*£*	*£*
100	120	15	35
120	140	100	120
140	150	105	125
150	165	130	150
165	185	155	175
185	225	200	215
225	-	390	405

The table has effect in relation to vehicles first registered under this Act before 23 March 2006 as if—

(a) in column (3), in the last row, "200" were substituted for "390", and

(b) in column (4), in the last row, "215" were substituted for "405".

(4) In paragraph 1J (light goods vehicles)—

(a) in sub-paragraph (a) (vehicle which is not lower-emission van), for "£180" substitute "£185", and

(b) in sub-paragraph (b) (lower-emission van), for "£120" substitute "£125".

(5) The amendments made by this Resolution have effect in relation to licences taken out on or after 1 May 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

12. Vehicle excise duty (rates from April 2010)

Resolved,

That provision may be made about the rates of vehicle excise duty on licences taken out on or after 1 April 2010.

13. Fuel duties (rates and rebates from Spring 2009)

Question put,

That—

(1) The Hydrocarbon Oil Duties Act 1979 is amended as follows.

(2) In section 6(1A) (main rates)—

(a) in paragraph (a) (unleaded petrol), for "£0.5235" substitute "£0.5419",

(b) in paragraph (aa) (aviation gasoline), for "£0.3103" substitute "£0.3334",

(c) in paragraph (b) (light oil other than unleaded petrol or aviation gasoline), for "£0.6207" substitute "£0.6391", and

(d) in paragraph (c) (heavy oil), for "£0.5235" substitute "£0.5419".

(3) In section 6AA(3) (rate of duty on biodiesel), for "£0.3235" substitute "£0.3419".

(4) In section 6AD(3) (rate of duty on bioethanol), for "£0.3235" substitute "£0.3419".

(5) In section 8(3) (road fuel gas)—

(a) in paragraph (a) (natural road fuel gas), for "£0.1660" substitute "£0.1926", and

(b) in paragraph (b) (other road fuel gas), for "£0.2077" substitute "£0.2482".

(6) In section 11(1) (rebate on heavy oil)—

(a) in paragraph (a) (fuel oil), for "£0.0966" substitute "£0.1", and

(b) in paragraph (b) (gas oil), for "£0.1007" substitute "£0.1042".

(7) In section 14(1) (rebate on light oil for use as furnace fuel), for "£0.0966" substitute "£0.1".

(8) In section 14A(2) (rebate on certain biodiesel), for "£0.1007" substitute "£0.1042".

(9) The amendments made by paragraph (2)(b) and (c) come into force on 1 May 2009.

(10) The other amendments made by this Resolution are treated as having come into force on 1 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 333, Noes 183.

Division No. 103] **[10.50 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Featherstone, Lynne
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Moffatt, Laura
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John

Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Helen Jones and Chris Mole

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Maclean, rh David
Main, Anne
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Salmond, rh Mr. Alex
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. Brooks Newmark and John Mason

Question accordingly agreed to.

14. Fuel duties (rates and rebates from September 2009)

Resolved,

That provision may be made amending rates of duty and rebates in the Hydrocarbon Oil Duties Act 1979 from 1 September 2009.

15. Rates of air passenger duty

Resolved,

That provision may be made about rates of air passenger duty.

16. Landfill tax

Resolved,

That provision may be made about landfill tax.

17. Bingo duty

Resolved,

That—

(1) The Betting and Gaming Duties Act 1981 is amended as follows.

(2) In section 17(1)(b) (bingo duty chargeable at 15 per cent of bingo promotion profits), for "15" substitute "22".

(3) In paragraph 5(2)(c) of Schedule 3 (maximum prize for small-scale amusements exemption), for "£50" substitute "£70".

(4) The amendment made by paragraph (2) has effect in relation to accounting periods beginning on or after 27 April 2009.

(5) The amendment made by paragraph (3) has effect in relation to bingo played on or after 1 June 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

18. Amusement machine licences (amounts of duty)

Resolved,

That—

(1) In section 23(2) of the Betting and Gaming Duties Act 1981 (amount of duty payable on amusement machine licence), for the table substitute—

Table

Months for Which Licence Granted	*Category A* £	*Category B1* £	*Category B2* £	*Category B3* £	*Category B4* £	*Category C* £
1	500	255	200	200	480	80
2	985	490	385	385	350	145
3	1475	735	585	585	530	220
4	1965	985	775	775	705	290
5	2465	1230	970	970	875	365
6	2955	1475	1160	1160	1050	435
7	3445	1720	1358	1355	1225	505
8	3935	1965	1550	1550	1405	580
9	4430	2215	1745	1745	1580	655
10	4920	2465	1935	1935	1755	725
11	5410	2710	2130	2130	1930	795
12	5625	2815	2215	2215	2010	830

(2) The amendment made by paragraph (1) has effect in relation to cases where the application for the amusement machine licence is received by the Commissioners for Her Majesty's Revenue and Customs after 4 pm on 22 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

19. Amusement machine licences (provisions affecting amount of duty)

Resolved,

That—

(1) The Betting and Gaming Duties Act 1981 is amended as follows.

(2) Section 21 (gaming machine licences) is amended as follows.

(3) Subsection (5) (excepted machines) is amended as follows.

(4) In paragraph (c) (machines in case of which cost of single game does not exceed 10p and maximum value of prize for winning single game does not exceed £5)—

(a) in sub-paragraph (i), omit the "and" at the end,

(b) in sub-paragraph (ii), for "£5" substitute "£15", and

(c) after that sub-paragraph insert—

"(iii) the maximum cash component of the prize for winning a single game does not exceed £8,".

(5). After that paragraph insert—

"(ca) a gaming machine in respect of which—

(i) the cost of a single game does not exceed £1,

(ii) the maximum value of the prize for winning a single game does not exceed £50, and

(iii) any prize that can be won is neither money nor something that can be exchanged for or used in place of money or that can be exchanged for something other than money, and".

(6). After that subsection insert—

"(6) To the extent that a prize consists of anything other than money, its value for the purposes of this section and sections 22 and 23 below is—

(a) in the case of a voucher or token that may be exchanged for, or used in place of, an amount of money, that amount,

(b) in the case of a voucher or token that does not fall within paragraph (a) and that may be exchanged for something other than money, the cost that the person providing the machine would incur in obtaining that thing from a person who is not a connected person, and

(c) in any other case, the cost that the person providing the machine would incur in obtaining the prize from a person who is not a connected person.

(7) Section 839 of the Income and Corporation Taxes Act 1988 (connected persons) applies for the purposes of subsection (6)."

(7) In section 22(2) (machine in respect of which benefits for winning single game do not exceed £8 to be "small-prize machine"), for "£8" substitute "£10".

(8) Section 23 (amount of duty) is amended as follows.

(9) In subsection (3) (categories of machines), in the definition of Category C gaming machine, in paragraph (ii)—

(a) for "50p" substitute "£1", and

(b) for "£35" substitute "£70".

(10) Omit subsection (5) (which is superseded by the amendment made by paragraph (6)).

(11) In consequence of the amendments made by the preceding provisions of this Resolution, omit—

(a) paragraph 3(1)(b) of Schedule 2 to the Finance Act 2000, and

(b) section 9(2) and (4) of the Finance Act 2007.

(12). The amendments made by this Resolution come into force on 1 June 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

20. Extension of loss carry back provisions (income tax)

Resolved,

That—

(1) A person who has made a loss in a trade in the tax year 2008-09 or 2009-10 may make a claim for relief under this Resolution if—

(a) relief is available to the person under section 64 of the Income Tax Act 2007 (trade loss relief against general income) in relation to an amount of the loss ("the section 64 amount"), and

(b) condition A or B is met.

(2) Condition A is that the person makes a claim under that section for relief in respect of the section 64 amount—

(a) where it is a loss made in the tax year 2008-09, for either or both of the tax years 2007-08 and 2008-09, or

(b) where it is a loss made in the tax year 2009-10, for either or both of the tax years 2008-09 and 2009-10.

(3) Condition B is that—

(a) where it is a loss made in the tax year 2008-09, for the tax years 2007-08 and 2008-09, or

(b) where it is a loss made in the tax year 2009-10, for the tax years 2008-09 and 2009-10,

the person's total income is nil or does not include any income from which a deduction could be made in pursuance of a claim under that section for relief in respect of the section 64 amount.

(4).The amount of the loss that may be relieved under this Resolution ("the deductible amount") is—

(a).in a case where condition A is met, so much of the section 64 amount as cannot be relieved pursuant to the claim under section 64 of the Income Tax Act 2007, and

(b) in a case where condition B is met, the whole of the section 64 amount, (but see paragraph (12)).

(5).A claim for relief under this Resolution is for the deductible amount to be deducted (in accordance with paragraph (6) and with whichever is applicable of paragraphs (7), (8), (9) and (10))—

(a).where it is a loss made in the tax year 2008-09, in either or both of the following ways—

(i) in computing the person's total income for either or both of the tax years 2005-06 and 2006-07 in accordance with section 835 of the Income and Corporation Taxes Act 1988, and

(ii) in calculating the person's net income for the tax year 2007-08 in accordance with Step 2 of the calculation in section 23 of the Income Tax Act 2007 (which applies as if this Resolution were a provision listed in section 24 of that Act), or

(b) where it is a loss made in the tax year 2009-10, in either or both of the following ways—

(i) in computing the person's total income for the tax year 2006-07 in accordance with section 835 of the Income and Corporation Taxes Act 1988, and

(ii) in calculating the person's net income for either or both of the tax years 2007-08 and 2008-09 in accordance with Step 2 of the calculation in section 23 of the Income Tax Act 2007 (which applies as if this Resolution were a provision listed in section 24 of that Act).

(6) A deduction is to be made only from profits of the trade (and accordingly, in relation to the tax years 2007-08 and 2008-09, subsection (2) of section 25 of the Income Tax Act 2007 has effect as if this paragraph were included in subsection (3) of that section).

(7) This paragraph explains how the deductions are to be made in a case where the loss is made in the tax year 2008-09 and the person makes a claim under section 64 of the Income Tax Act 2007 for relief in respect of the section 64 amount for the tax year 2007-08.

Step 1

Deduct the deductible amount from the profits of the trade for the tax year 2006-07.

Step 2

Deduct from the profits of the trade for the tax year 2005-06 so much of the deductible amount as has not been deducted under Step 1.

(8).This paragraph explains how the deductions are to be made in any other case where the loss is made in the tax year 2008-09.

Step 1

Deduct the deductible amount from the profits of the trade for the tax year 2007-08.

Step 2

Deduct from the profits of the trade for the tax year 2006-07 so much of the deductible amount as has not been deducted under Step 1.

Step 3

Deduct from the profits of the trade for the tax year 2005-06 so much of the deductible amount as has not been deducted under Step 1 or 2

(9) This paragraph explains how the deductions are to be made in a case where the loss is made in the tax year 2009-10 and the person makes a claim under section 64 of the Income Tax Act 2007 for relief in respect of the section 64 amount for the tax year 2008-09.

Step 1

Deduct the deductible amount from the profits of the trade for the tax year 2007-08.

Step 2

Deduct from the profits of the trade for the tax year 2006-07 so much of the deductible amount as has not been deducted under Step 1.

(10).This paragraph explains how the deductions are to be made in any other case where the loss is made in the tax year 2009-10.

Step 1

Deduct the *deductible amount from the profits of the trade for the tax year 2008-09.*

Step 2

Deduct from the profits of the trade for the tax year 2007-08 so much of the deductible amount as has not been deducted under Step 1.

Step 3

Deduct from the profits of the trade for the tax year 2006-07 so much of the deductible amount as has not been deducted under Step 1 or 2.

(11).The provision made by the preceding provisions means that the following sections of the Income Tax Act 2007 apply in relation to relief under this Resolution as in relation to relief under section 64 of that Act—

(a).section 66 to 70 (restrictions on relief under section 64),

(b) sections 74B to 74D (general restrictions on relief),

(c) sections 75 to 79 (restrictions on relief under section 64 and early trade losses relief in relation to capital allowances),

(d) section 80 (restrictions on those reliefs in relation to ring fence income), and

(e) section 81 (restrictions on those reliefs in relation to dealings in commodity futures).

(12) The total amount that may be deducted in accordance with paragraph (7), or in accordance with Steps 2 and 3 in paragraph (8), is limited to £50,000; and the total amount that may be deducted in accordance with paragraph (9), or in accordance with Steps 2 and 3 in paragraph (10), is also limited to £50,000.

(13) A claim for relief under this Resolution must be made—

(a) where the relief is in respect of a loss made in the tax year 2008-09, on or before the first anniversary of the normal self-assessment filing date for that tax year, and

(b) where the relief is in respect of a loss made in the tax year 2009-10, on or before the first anniversary of the normal self-assessment filing date for that tax year.

(14) This Resolution applies to professions and vocations as it applies to trades.

(15) This Resolution is subject to paragraph 2 of Schedule 1B to the Taxes Management Act 1970 (claims for loss relief involving 2 or more years).

(16) Sections 61 to 63 of the Income Tax Act 2007 (meaning of "making a loss in a tax year" etc and prohibition against double counting) have effect as if this Resolution were included in Chapter 2 of Part 4 of that Act.

(17) Subsections (1) to (3) of section 127 of that Act (UK furnished holiday lettings business treated as trade) have effect as if this Resolution were included in Part 4 of that Act.

(18) The reference in paragraph 3(1) of Schedule 2 to the Social Security Contributions and Benefits Act 1992 and Social Security Contributions and Benefits (Northern Ireland) Act 1992 (levy of Class 4 contributions with income tax) to section 64 of the Income Tax Act 2007 includes this Resolution.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

21. Extension of loss carry back provisions (corporation tax)

Resolved,

That—

(1) Section 393A of the Income and Corporation Taxes Act 1988 (losses: set off against profits of same or earlier accounting period) has effect in relation to any loss to which this Resolution applies as if, in subsection (2) of that section, "3 years" were substituted for "twelve months" (but subject as follows).

(2) This Resolution applies to any loss incurred by a company in a trade in a relevant accounting period (but subject to paragraph (3)); and a relevant accounting period is one ending after 23 November 2008 and before 24 November 2010.

(3) The maximum amount of loss to which this Resolution applies in the case of any company is—

(a) £50,000 in relation to losses incurred in relevant accounting periods ending after 23 November 2008 and before 24 November 2009, and

(b) £50,000 in relation to losses incurred in relevant accounting periods ending after 23 November 2009 and before 24 November 2010;

and the overall limit or limits apply whether a loss is incurred by the company in only one relevant accounting period or losses are so incurred in more than one such period.

(4) Subject to that, if in the case of the company the length of a relevant accounting period is less than one year, the maximum amount of the loss incurred in that period that may be set off under section 393A of the Income and Corporation Taxes Act 1988 by virtue of this Resolution is the relevant proportion of £50,000.

(5) "The relevant proportion" is—

$$\frac{\text{RAP}}{\text{Y}}$$

where—

RAP is the number of days in the relevant accounting period, and Y is 365.

(6) The reference in subsection (2C) of section 393A of the Income and Corporation Taxes Act 1988 to so much of the loss referred to in that subsection not falling within subsection (2B) of that section as does not exceed the amount of the allowance mentioned in subsection (2C)(b) ("the subsection (2C) loss") has effect in relation to a relevant accounting period as a reference to so much of the subsection (2C) loss as exceeds that which can be set off under section 393A of the Income and Corporation Taxes Act 1988 by virtue of this Resolution.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

22. Agreements to forgo tax reliefs

Resolved,

That provision (including provision having retrospective effect) may be made about agreements to forgo tax reliefs.

23. Land remediation

Resolved,

That provision may be made amending Part 14 of the Corporation Tax Act 2009.

24. Chargeable gains

Resolved,

That provision (including provision having retrospective effect) may be made amending, or making amendments connected with, the Taxation of Chargeable Gains Act 1992.

25. Group relief

Resolved,

That provision (including provision having retrospective effect) may be made about group relief.

26. Expenditure on cars and motor cycles

Resolved,

That provision (including provision having retrospective effect) may be made for and in connection with reliefs and allowances in respect of expenditure on cars and motor cycles.

27. Payments under FSCS

Resolved,

That—

(1) Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (interest) is amended as follows.

(2) In section 369(2) (list of provisions extending what is treated as interest for certain purposes), after "bonds)," insert—

"section 380A (FSCS payments representing interest),".

(3) After section 380 insert—

"380A FSCS payments representing interest

(1) Any payment representing interest which is made under the FSCS is treated as interest for the purposes of this Act.

(2) "Payment representing interest" means a payment calculated in the same way as Interest which would have been paid to the recipient but for the circumstances giving rise to the making of payments under the FSCS.

(3) Where a payment representing interest is made net of an amount equal to a sum representing income tax that would have been deducted on the payment of interest, the amount treated as interest by this section is the aggregate of the payment representing interest and that sum.

(4) This section applies to payments made under the FSCS whether or not they are made (in whole or in part) on behalf of the Treasury or any other person.

(5) In this section "FSCS" means the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000)."

(4) In the Income Tax Act 2007, after section 979 insert—

"979A FSCS payments representing interest

(1) This section applies where a payment is made under the FSCS representing interest net of an amount equal to a sum representing income tax that would have been deducted on the payment of interest but for the circumstances giving rise to the making of payments under the FSCS.

(2) A payment of the relevant gross amount is treated as having been made under the FSCS after there has been deducted from it a sum representing income tax of that amount.

(3) That sum is accordingly taken into account under section 59B of TMA 1970 in determining the income tax payable by, of repayable to, the recipient.

(4) "The relevant gross amount" means the aggregate of the amount of the payment representing interest which is made and that sum.

(5) If the recipient requests it in writing, the scheme manager of the FSCS must provide the recipient with a statement showing—

(a) the relevant gross amount,

(b) the amount of the sum treated as deducted, and

(c) the amount of the payment representing interest.

(6) The duty to comply with a request under subsection (5) is enforceable by the recipient.

(7) In this section—

"FSCS" means the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000), and

"payment representing interest" has the same meaning as in section 380A of ITTOIA 2005."

(5) The amendments made by this Resolution have effect in relation to payments made on or after 6 October 2008.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

28. Company distributions

Resolved,

That the provision may be made about the treatment for the purposes of corporation tax of dividends and other distributions.

29. Financing costs of group companies

Resolved,

That provision may be made about the treatment for the purposes of corporation tax of financing costs of companies that are members of a group.

30. Controlled foreign companies

Resolved,

That provision may be made about controlled foreign companies.

31. Foreign currency accounting

Resolved,

That provision (including provision having retrospective effect) may be made about foreign currency accounting.

32. Offshore funds

Resolved,

That provision (including provision having retrospective effect) may be made about offshore funds and participants in offshore funds, including provision defining what is meant by an "offshore fund".

33. Income tax credits for foreign distributions

Resolved,

That provision may be made about income tax credits for foreign distributions.

34. Loan relationships and derivatives

Resolved,

That provision may be made for and in connection with the amendment of Parts 5, 6 and 7 of the Corporation Tax Act 2009.

35. Dividends of investment trusts

Resolved,

That provision may be made enabling dividends of investment trusts to be treated as payments of interest.

36. Insurance companies

Resolved,

That provision (including provision having retrospective effect) may be made about insurance companies.

37. Disguised interest

Resolved,

That provision may be made about returns which are economically equivalent to interest.

38. Transfers of income streams

Resolved,

That provision may be made about transfers of rights to receive income.

39. SAYE schemes

Resolved,

That—

(1) Chapter 4 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 (SAYE interest) is amended as follows.

(2) In section 705 (certification of arrangements)—

(a) in subsections (1) and (2), for "Treasury" (in each place) substitute "Commissioners", and

(b) after subsection (4) insert—

"(5) In this Chapter "the Commissioners" means the Commissioners for Her Majesty's Revenue and Customs."

(3) In section 706(1) and (2) (withdrawal and variation of certifications etc), for "Treasury" substitute "Commissioners".

(4) In section 707(1) (authorisation of providers), for "Treasury" substitute "Commissioners".

(5) In section 708 (withdrawal and variation of authorisations)—

(a) in subsections (1) and (2), for "Treasury" substitute "Commissioners", and

(b) in subsection (4), for "Treasury of its" substitute "Commissioners of their".

(6) In the following provisions omit "by post"—

(a) section 706(2)(b) (notification of withdrawal and variation of certifications etc), and

(b) section 708(2)(b) (notification of withdrawal and variation of authorisations).

(7) In section 706(2)(b) (notification of withdrawal and variation of certifications etc) for "28 days" substitute "15 days".

(8) In section 706(3) (transitional provision for withdrawals and variations of certifications) for the words from "the operation of to the end substitute—

"(a) the operation of the arrangement concerned before that date,

(b) contracts made under that arrangement before that date, or

(c) where the notice so provides, contracts which are of a description specified in the notice and are made under that arrangement after that date."

(9) The amendments made by this Resolution come into force on 29 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

40. Remittance basis

Resolved,

That provision may be made about the remittance basis of taxation.

41. Double taxation relief

Resolved,

That provision (including provision having retrospective effect) may be made about double taxation relief.

42. Avoidance involving financial arrangements

Resolved,

That provision (including provision having retrospective effect) may be made about—

(a) relief for interest on loans, and

(b) manufactured interest.

43. Sale of lessor companies etc

Resolved,

That provision (including provision having retrospective effect) may be made amending Schedule 10 to the Finance Act 2006.

44. Leases of plant or machinery

Resolved,

That provision (including provision having retrospective effect) may be made about leases of plant or machinery (including films).

45. Real Estate Investment Trusts

Resolved,

That provision (including provision having retrospective effect) may be made amending Part 4 of the Finance Act 2006.

46. Deductions for employee liabilities

Resolved,

That—

(1) The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

(2) In section 346 (deduction for employee liabilities), after subsection (2) insert—

"(2A) Nor is a deduction allowed for a payment which falls within paragraph A, B or C if the payment is made in pursuance of arrangements the main purpose, or one of the main purposes, of which is the avoidance of tax."

(3) After section 556 insert—

"556A Deductible payments made pursuant to tax avoidance arrangements

No deduction may be made under section 555 if the deductible payment is made in pursuance of arrangements the main purpose, or one of the main purposes, of which is the avoidance of tax."

(4).The amendments made by this Resolution have effect in relation to payments made on or after 12 January 2009 (irrespective of when the arrangements are made).

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

47. Employment loss relief

Resolved,

That—

(1) In section 128 of the Income Tax Act 2007 (employment loss relief against general income), after subsection (5) insert—

"(5 A) No claim may be made in respect of the loss if and to the extent that it is made as a result of anything done in pursuance of arrangements the main purpose, or one of the main purposes, of which is the avoidance of tax."

(2) The amendment made by paragraph (1)—

(a) has effect in relation to a loss made in the tax year 2009-10 or a subsequent tax year, and

(b) has effect in relation to a loss made in the tax year 2008-09 if or to the extent that it is occasioned by an act or omission occurring on or after 12 January 2009.

(3) Where a person has made a claim under section 128 of the Income Tax Act 2007 during the relevant period, no penalty is payable by the person on the ground that any return, statement or declaration made in connection with the claim contained an inaccuracy if it would not have done so but for the amendment made by paragraph (1).

For this purpose "the relevant period" is the period—

(a) beginning with 12 January 2009, and

(b) ending with 1 April 2009.

(4).Subsection (2) of section 59C of the Taxes Management Act 1970 (surcharge on unpaid tax) has effect in relation to tax which would not be payable but for the amendment made by paragraph (1) as if the reference in that paragraph to the due date were to the later of 1 April 2009 and the due date.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

48. Losses from contracts for life insurance etc

Resolved,

That provision (including provision having retrospective effect) may be made about losses under Chapter 9 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

49. Intangible fixed assets

Resolved,

That provision may be made amending Part 8 of the Corporation Tax Act 2009.

50. Taxable benefits in respect of accommodation

Resolved,

That provision may be made about the calculation of the cost of providing living accommodation in cases involving lease premiums.

51. Special annual allowance charge in respect of pensions

Resolved,

That provision may be made for and in connection with a special annual allowance charge in respect of pensions.

52. Financial assistance scheme

Resolved,

That provision may be made about the financial assistance scheme provided for by regulations under section 286 of the Pensions Act 2004.

53. FSCS intervention in insurance in connection with pensions

Resolved,

That provision may be made about interventions under the Financial Services Compensation Scheme in relation to insurance in connection with registered pension schemes.

54. Value added tax (place of supply of services)

Resolved,

That provision may be made for determining, and otherwise in connection with, the place of supply of services for the purposes of value added tax.

55. Value added tax (repayments to those in business in other states)

Resolved,

That provision may be made amending section 39 of the Value Added Tax Act 1994.

56. Stamp duty land tax (exercise of collective rights by tenants of flats)

Resolved,

That—

(1) Section 74 of the Finance Act 2003 (collective enfranchisement by leaseholders) is amended as follows.

(2) For subsection (1) substitute—

"(1) This section applies where a chargeable transaction is entered into by a person or persons nominated or appointed by qualifying tenants of flats contained in premises in exercise of—

(a) a right under Part 1 of the Landlord and Tenant Act 1987 (right of first refusal), or

(b) a right under Chapter 1 of Part 1 of the Leasehold Reform, Housing and Urban Development Act 1993 (right to collective enfranchisement)."

(3) In subsection (2)—

(a) omit "In that case,", and

(b) for "flats in respect of which the right of collective enfranchisement is being exercised" substitute "qualifying flats contained in the premises".

(4).For subsection (4) substitute—

"(4) In this section—

"flat" and "qualifying tenant" have the same meaning as in the Chapter or Part of the Act conferring the right being exercised;

"qualifying flat" means a flat that is held by a qualifying tenant who is participating in the exercise of the right."

(5) For the heading substitute "Exercise of collective rights by tenants of flats".

(6) Accordingly, in section 55(5) of that Act (amount of tax chargeable), for "collective enfranchisement by leaseholders" substitute "exercise of collective rights by tenants of flats".

(7) The amendments made by this Resolution have effect in relation to transactions with an effective date on or after 22 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

57. Stamp duty land tax (rent to shared ownership)

Resolved,

That—

(1) In Schedule 9 to the Finance Act 2003 (stamp duty land tax: right to buy etc), insert at the end—

"Rent to shared ownership lease: charge to tax

13 (1) The chargeable consideration for transactions forming part of a rent to shared ownership lease scheme is determined in accordance with this paragraph.

(2) A 2rent to shared ownership lease scheme" means a scheme or arrangement under which a qualifying body—

(a) grants an assured shorthold tenancy of a dwelling to a person ("the tenant") or persons ("the tenants"), and

(b) subsequently grants a shared ownership lease of the dwelling or another dwelling to the tenant or one or more of the tenants.

(3) The following transactions are to be treated as if they were not linked to each other—

(a) the grant of the assured shorthold tenancy,

(b) the grant of the shared ownership lease, and

(c) any other land transaction between the qualifying body and the tenant, or any of the tenants, entered into as part of the scheme.

(4) For the purpose of determining the effective date of the grant of the shared ownership lease, the possession of the dwelling by the tenant or tenants pursuant to the assured shorthold tenancy is to be disregarded.

(5) In this paragraph—

"assured shorthold tenancy" has the same meaning as in Part 1 of the Housing Act 1988;

"qualifying body" has the same meaning as in paragraph 5;

"shared ownership lease" has the same meaning as in paragraph 4A.

Rent to shared ownership trust: charge to tax

14 (1) The chargeable consideration for transactions forming part of a rent to shared ownership trust scheme is determined in accordance with this paragraph.

(2) A "rent to shared ownership trust scheme" means a scheme or arrangement under which—

(a) a qualifying body grants an assured shorthold tenancy of a dwelling to a person ("the tenant") or persons ("the tenants"), and

(b) the tenant, or one or more of the tenants, subsequently becomes the purchaser under a shared ownership trust of the dwelling, or another dwelling, under which the qualifying body is the social landlord.

(3) The following transactions are to be treated as if they were not linked to each other—

(a) the grant of the assured shorthold tenancy,

(b) the declaration of the shared ownership trust, and

(c) any other land transaction between the qualifying body and the tenant, or any of the tenants, entered into as part of the scheme.

(4) For the purpose of determining the effective date of the declaration of the shared ownership trust, the possession of the dwelling by the tenant or tenants pursuant to the assured shorthold tenancy is to be disregarded.

(5) In this paragraph—

"assured shorthold tenancy" has the same meaning as in Part 1 of the Housing Act 1988;

"qualifying body" has the same meaning as in paragraph 5;

"social landlord" and "purchaser", in relation to a shared ownership trust, have the same meaning as in paragraph 7."

(2) The amendment made by this Resolution has effect in relation to cases in which the effective date of the grant of the shared ownership lease or the declaration of the shared ownership trust is on or after 22 April 2009.

(3) Paragraphs 13(4) and 14(4) of Schedule 9 to the Finance Act 2003 (inserted by this Resolution) have effect for the purposes of paragraph (2).

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

58. Ring fence trades

Resolved,

That provision may be made about the taxation of ring fence trades.

59. Petroleum revenue tax

Resolved,

That provision may be made about petroleum revenue tax.

60. Recovery of overpaid tax

Resolved,

That provision may be made for and in connection with the recovery of overpaid tax.

61. Gaming participation fees

Resolved,

That—

(1) Group 4 of Schedule 9 to the Value Added Tax Act 1994 (exemptions: betting, gaming and lotteries) is amended as follows.

(2) In Note (1), omit paragraph (b) (granting of right to play game of chance not exempted unless within Note (5)).

(3) Omit Notes (5) to (11).

(4) The Value Added Tax (Betting, Gaming and Lotteries) Order 2007 (S.I. 2007/ 2163)is revoked.

(5) Omit—

(a) in the Betting and Gaming Duties Act 1981, sections 19(3)(b) and 26E(2), and

(b) in the Finance Act 1997, section 11(9)(a).

(6) The amendments made by this Resolution come into force on 27 April 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

62. Gaming duty

Resolved,

That—

(1) The Finance Act 1997 is amended as follows.

(2) Section 10 (gaming duty) is amended as follows.

(3) For subsection (2) substitute—

"(2) Subject as follows, this section applies to—

(a) casino games, and

(b) equal chance gaming."

(4) In subsection (3)(e), after "Article" insert "77,".

(5) After subsection (3A) insert—

"(3AA) This section does not apply to the playing of a game in respect of which bingo duty or lottery duty is chargeable or would be chargeable but for an express exception."

(6) In subsection (3C)(a), after "in" insert "organising or".

(7) For subsection (4) substitute—

"(4) This section does not apply—

(a) in Great Britain, to the playing of a game where the provision of facilities for its playing falls within section 269 of the Gambling Act 2005 (equal chance gaming at members' or commercial clubs and miners' welfare institutes), or

(b) in Northern Ireland, to the playing of a game to which Article 128 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 (certain clubs) applies."

(8) In subsection (5), for "add to the games mentioned in subsection (2) above" substitute "provide that any specified game is or is not to be a casino game or equal chance gaming for the purposes of this section".

(9) In subsection (6), for "this section, or in an order under subsection (5) above," substitute "an order under subsection (5) above".

(10) Section 14 (subordinate legislation) is amended as follows.

(11) In subsection (2), for "or 11(11)" substitute "providing that any game is to be a casino game or equal chance gaming or any order under section 11(11)".

(12) Insert at the end—

"(4) A statutory instrument containing an order under section 10(5) that does not provide for any game to be a casino game or equal chance gaming subject to annulment in pursuance of a resolution of the House of Commons."

(13) Section 15(3) (interpretation) is amended as follows.

(14) After the definition of "accounting period" insert—

""casino games" means games of chance which are not equal chance gaming (but subject to any order under section 10(5));".

(15).After the definition of "dutiable gaming" insert—

""equal chance gaming"—

(a) in Great Britain, means gaming which does not involve playing or staking against a bank (however described, and whether or not controlled or administered by a player) and in which the chances are equally favourable to all participants, and

(b) in Northern Ireland, means gaming in respect of which none of the conditions specified in Article 55 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 is fulfilled,

(but subject to any order under section 10(5));.

(16) In consequence of the preceding provisions, omit—

(a) in the Finance Act 2002, section 11,

(b) in the Finance Act 2007, in Schedule 25, paragraph 17(4).

(17) The amendments made by this Resolution are to be treated as having come into force on 27 April 2009.

(18) But those amendments do not give rise to a duty under paragraph 6(3)(a) of Schedule 1 to the Finance Act 1997 (requirement to notify premises) before 25 May 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

63. Remote bingo

Resolved,

That—

(1) The Betting and Gaming Duties Act 1981 is amended as follows.

(2) In section 17 (bingo duty), after subsection (2) insert—

"(2A) Bingo duty is not charged on the playing of bingo which is not licensed bingo if remote gaming duty is charged on the provision of facilities for playing it."

(3) In section 26H (remote gaming duty: exemptions), after subsection (2) insert—

"(2A) Subsection (2) does not prevent remote gaming duty being charged in respect of the provision of facilities for the playing of bingo which is not licensed bingo (as to the meaning of which terms see section 20C)."

(4) The amendments made by this Resolution have effect in relation to games of bingo that begin to be played on or after 1 July 2009.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

64. Climate change levy (reduced-rate supplies)

Resolved,

That provision may be made about reduced-rate supplies for the purposes of climate change levy.

65. Alternative finance investment bonds

Resolved,

That provision may be made in connection with alternative finance investment bonds.

66. Transfers of business etc by mutual societies

Resolved,

That provision may be made about the tax consequences of building societies, friendly societies and industrial and provident societies transferring business, merging or demutualising.

67. National Savings (surplus funds)

Resolved,

That provision may be made for the payment into the Consolidated Fund of the surplus funds held by the National Debt Commissioners by virtue of section 17 of the National Savings Bank Act 1971.

68. Relief from tax (incidental and consequential charges)

Resolved,

That it is expedient to authorise any incidental or consequential charges to any duty i or tax (including charges having retrospective effect) that may arise from provisions designed in general to afford relief from taxation.

PROCEDURE (FUTURE TAXATION)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

(a) provision about rates and personal allowances for the purposes of income tax,

(b) provision for corporation tax to be charged for the financial year 2010,

(c) provision relating to the rates of vehicle excise duty from April 2010,

(d) provision about the standard rate of landfill tax,

(e) provision about taxable benefits in respect of cars, and

(f) provision for and in connection with the recovery of overpaid tax.

Ordered,

That a Bill be brought in upon the foregoing Resolutions;

That the Chairman of Ways and Means, the Prime Minister, Mr. Chancellor of the Exchequer, Secretary Hilary Benn, Secretary Hazel Blears, Secretary Edward Miliband, Secretary James Purnell, Mr. Secretary Denham, Yvette Cooper, Mr. Stephen Timms, Angela Eagle and Ian Pearson introduce the Bill.

Finance Bill

Presentation and First Reading

Mr. Stephen Timms accordingly presented a Bill to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with finance.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 90).

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Order, 23 April, and Standing Order No. 118(6)).

Financial Assistance to Industry

That this House authorises the Secretary of State to undertake to pay, and to pay by way of financial assistance under section 8 of the Industrial Development Act 1982, in respect of the Trade Credit Insurance Top-up Scheme, sums exceeding £10 million and up to a cumulative total of £5 billion to credit insurance businesses for the assistance of credit insurance policyholders.—*(Helen Goodman.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Housing

That the draft Housing (Replacement of Terminated Tenancies) (Successor Landlords) (England) Order 2009, which was laid before this House on 19 March, be approved.—*(Helen Goodman.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Freedom of Information

That the draft Freedom of Information (Time for Compliance with Request) Regulations 2009, which were laid before this House on 26 March, be approved.—*(Helen Goodman.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

Eastern Partnership

That this House takes note of European Union Documents Nos. 16940/08 and 16941/08, Commission Communication on Eastern Partnership and the accompanying Staff Working Document; and endorses the Government's policy of support for an Eastern Partnership as set out in the Conclusions of the Brussels European Council of 20 March.—*(Helen Goodman.)*

Question agreed to.

Members' Home Addresses

Motion made, and Question proposed, That this House do now adjourn. —*(Helen Goodman.)*

11.5 pm

Dr. Julian Lewis (New Forest, East) (Con): I am delighted to have secured this Adjournment debate, and I am touched by the fact that so many colleagues have stayed behind to listen to it at this extremely late hour.

On 12 March a letter arrived in my party leader's office, complaining about my registering anonymously rather than publishing my address on the New Forest, East electoral roll. That is a basic security precaution, taken because of the work that I did before—and to some extent after—becoming an MP against political extremists at home and abroad. The letter demanded to know:

"Who are these political extremists and who has sanctioned such involvement of a sitting MP?"

It ended with the following pretentious declaration:

"I view this matter extremely seriously and have therefore also written to Jonathan Evans the Director General of Security Services"

sic—

"(MI5), Sir John Scarlett Chief of the Secret Intelligence Service (MI6) and Mr. Alex Marshall the Chief Constable of Hampshire, in an effort to throw some light on this situation."

Nonsense of this sort can safely be ignored when it comes from the cranks with whom we occasionally have to deal. In this case, however, the author is a Liberal Democrat prospective parliamentary candidate, a 63-year-old retired military policeman who aims to oppose me at the next general election. His name is Terry Scriven, and his previous attempt to compromise my home address was drawn to the House's attention on 22 July last year. Since then, his campaign to blacken my name has intensified, most recently with the connivance of the *News of the World*. It has therefore become necessary to return to this subject.

I realise that the Deputy Leader of the House will not be able to address my situation in detail, and he knows that I can give him only a little time in which to reply, but I trust that he will confirm that not just the press but even political opponents have a duty to show some restraint where the personal security of parliamentarians is at stake. What has happened to me illustrates the mischief that malicious adversaries can make.

In setting their prospective candidate's antics on the record, I mean no disrespect towards Liberals in my constituency in general. I have worked with Liberal Democrats to save community hospitals, and even now I am working with their group leader on the district council on an issue on which we agree. Several of them have told me privately of their dismay at Terry Scriven's tactics.

I have previously fought three general elections in the New Forest without experiencing anything comparable to the events of the past few months. In 1997, when my seat had just been formed, the Liberal Democrat candidate was a New Forest district councillor, George Dawson. He fought a clean campaign. In 2001, my Liberal Democrat opponent was a county councillor called Brian Dash. I had worked with him on a cross-party basis to oppose the construction of a container port on sensitive land at Dibden bay. Before the 2001 election, I spoke to Mr. Dash about my constituency home. I told him my address and explained that if he looked it up on the electoral roll, he would find that as a basic security precaution, I was registered under a nom de plume. I added that that was by arrangement with the electoral registration officer at the district council, and I invited him to visit my home so that he could satisfy himself that it was genuine. He assured me that no such visit was necessary, that he fully appreciated why I had made the special registration arrangements and that they would never be an issue between us in an election campaign.

Brian Dash kept his word, not only in the 2001 campaign but in the 2005 campaign, when he stood against me for a second time. By then, my seat had become a target for the Liberal Democrats and that campaign was not clean. Tacticalvoter.net, a left-wing group, infiltrated the local Labour party and installed Stephen Roberts as the Labour candidate. He worked hand in glove with the Liberal Democrats to try to oust me. Yet, despite the bitterness of that battle, the Liberal candidate, Brian Dash, kept his promise not to make an issue of the steps that I had taken to protect my home address.

Following my improved majority in 2005—which may have had something to do with Tacticalvoter.net—and a boundary change helpful to the Conservatives, I learned that the Liberal Democrats would not be targeting my seat next time. That is apparently why they allowed Terry Scriven to become their candidate, despite the fact that he lives miles away from New Forest, East, on the far side of New Forest, West, and has given no indication of moving into the constituency that he says he wishes to serve. Since becoming a prospective parliamentary candidate in 2007, Mr. Scriven's impact on my constituency has been vanishingly small. Knowing that he cannot defeat me politically, he has gambled everything on trying to smear me personally.

When I worked as a political researcher in the 1980s and early 1990s, I spent a lot of time ferreting out facts about left-wing political opponents. For example, I am holding a 250-page directory of Labour Members of Parliament and left-wing causes, which was published in the run-up to the 1992 general election. Yet nowhere in that book or in any of my other political research work will hon. Members find cases of my using personal rather than political information against any of the people featured. Indeed, until I encountered Mr. Scriven, I had never felt it necessary to consider personal misbehaviour by a political opponent.

Last year, I began my campaign to neutralise the extraordinary decision of three High Court judges that MPs' home addresses should be revealed in response to freedom of information requests. In part, the judges based their ruling on the fact that all general election candidates had been required since the late 19th century to disclose a home address on nomination and ballot papers. We changed the law on MPs' addresses by statutory instrument in July 2008 and we are in the process of doing the same on candidates' addresses after the free vote on 2 March 2009. Significantly, the date of that vote was only 24 hours later than the smear story against me in the *News of the World*—I do not think that that was a coincidence.

I began the campaign to protect MPs' home addresses by making a speech on 22 May 2008, in the debate on the Adjournment, and I openly referred to my practice of registering under a nom de plume by arrangement

with the electoral registration officer. That gave Terry Scriven his first opportunity. As I now know, on 25 June 2008, he e-mailed the chief executive of New Forest district council, Mr. Dave Yates, who is in overall charge of electoral registration, as follows:

"As you are aware Julian Lewis MP, I am led to believe, lives at"—

he then gave my constituency home address—

"and is registered on the Electoral Role"—

typically spelt like that—

"under a false name (I am able to provide the name if helpful). Are you able to confirm that this is the case? Would you also state under which regulation this procedure is authorised and by whom? I am not trying to create any waves here just to understand facts so that I do not ask silly questions in public. I must also add at this moment I have no intention of making information I have in my position"—

I presume that he meant "possession"—

"if correct, public".

Mr. Yates replied that I had indeed registered in that way, by arrangement with the previous electoral registration officer, for reasons of personal safety. That had happened for a number of years but, Mr. Yates told Scriven, now that a new system of "Anonymous Registration" existed, I would be asked to use that instead of the nom de plume method in future.

On 11 July, Mr. Scriven replied to the chief executive in the following apparently generous terms:

"Your email is very clear. I fully understand the reasons for Julian wishing to keep his private address confidential despite it appearing on the election forms and the agreement that was clearly entered into. I am sure both Julian and I understand the need for security."

That was the first but by no means the last time that Mr. Scriven professed to support me in keeping MPs' home addresses confidential. However, his private conduct has been utterly incompatible with his public position.

As I told the House last July, New Forest district council chief executive Dave Yates was contacted by a Sunday newspaper just seven days after Scriven's supposedly supportive e-mail. The exchange of e-mails between Mr. Scriven and Mr. Yates had been leaked to a journalist called Ben Leapman—the very reporter leading the campaign for MPs' home addresses to be published to all and sundry. The leak could have come only from Terry Scriven, if we exclude impropriety by the staff of New Forest district council, which I am sure we can.

I have repeatedly asked Mr. Scriven to explain why he approached Ben Leapman to investigate a supposed irregularity in my electoral registration arrangements, when he had indicated to Mr. Yates that he fully accepted the need for those arrangements. Time and again, Mr. Scriven has refused to answer that question. I have also asked him why he chose Ben Leapman as the journalist to approach, given that reporter's hostility towards me for thwarting his efforts to force MPs' addresses to be published. If Mr. Scriven is sincere in his proclaimed support for my campaign to protect MPs' home addresses, Mr. Leapman is the last journalist in Britain whom he should have contacted. That question, too, Mr. Scriven refuses to answer.

In the end, *The Sunday Telegraph* decided not to run Mr. Leapman's story, which simply tried to catch me out for having used a nom de plume for one year too long, rather than the new procedure of anonymous registration that had succeeded it. But Scriven was undaunted. After trying to smear me in *The Sunday Telegraph*, he immediately wrote to the chief constable of Hampshire, demanding that I be criminally investigated for having registered in that way.

Mr. Richard Bacon (South Norfolk) (Con): That's Liberal Democrats for you.

Dr. Lewis: I agree.

That despicable manoeuvre was carried out in full knowledge of the fact that my use of the nom de plume had been explicitly approved by the electoral registration officer. In any case, I had always accurately stated my real name on the voter registration form when signing it, while clearly indicating that the different name on the register was an agreed nom de plume.

Terry Scriven did not even have the decency to inform me of what he had done, but at once telephoned a local reporter in order to use the press to twist the knife that he had aimed at my back. Fortunately it missed its target, as the following report in the *Lymington Times*, dated 16 August 2008, makes clear. The headline is "Chief Constable Scorns Call for MP Investigation" and the story reads as follows:

"A political rival who reported a New Forest MP to the Police for the way he registered to vote has been blasted by the Chief Constable for wasting officers' time. Liberal Democrat Terry Scriven—who will contest the New Forest East seat at the next General Election—had complained about a discrepancy in Conservative MP Julian Lewis's habit of using a false name on the electoral roll, to keep secret where he lives for security reasons. But Mr. Scriven's action was warned by Hampshire's top policeman, Paul Kernaghan, who rejected his request for an investigation and said Dr. Lewis had acted 'in good faith' on the advice of the District Council officer in charge of electoral registration. Mr. Kernaghan wrote to the MP: 'I sincerely hope that [Mr. Scriven] will decide to move on, as it is my personal view that this 'complaint' does not enhance our collective respect for democracy and the electoral process.'"

[Hon. Members: "Hear, hear."] I am glad that colleagues agree. Mr. Kernaghan continued:

"The employment of scarce police resources to investigate whether or not a technical breach of the legislation had taken place would be a total waste of effort and not in the public interest".

After that outrageous episode, I realised that I was dealing with an extremely unscrupulous individual. Some of the publicity surrounding Terry Scriven resulted in my being contacted by people who had previously suffered at his hands. Three were from the military police, but I cannot report what they said in language permissible in this Chamber. It boiled down to the fact that Terry Scriven's conduct had shown him to be a devious and two-faced bully who operates in the dark and never owns up to what he has done. My experience has confirmed that assessment in every respect. He blatantly refuses to answer any questions put to him about his own conduct, his sole response being to accuse me of trying to "intimidate" him by posing such questions.

That is irony indeed, coming from a man who has to date put in no fewer than 16 freedom of information requests to the House of Commons, 12 of which directly relate to me and my staff. He has refused to say, inter alia, why he used the Freedom of Information Act 2000 to request—unsuccessfully—the address of my flat in London, given his repeated statements of support for my campaign against the disclosure of MPs' home

[Dr. Julian Lewis]

addresses. He has also refused to say why, when he tried to have me investigated by the police, he told the *Lymington Times* reporter that he had done so but did not tell me, or why he complained, also unsuccessfully, to the Parliamentary Commissioner for Standards about my parliamentary caseworker, but did not tell her about this. He would not say why, when he complained to Sir Neil Thorne about the frequency of my participation in the armed forces parliamentary scheme—the AFPS—this was yet again done behind my back.

Sir Neil is admired in all parts of the House for setting up and running the AFPS. On 16 March this year, he wrote to tell me how much disruption Scriven's vendetta was causing. Sir Neil states:

"Since my last correspondence with him, it has come to my notice that Mr. Scriven has been in touch with at least six different officials about the Scheme…although I am not directly affected, those who are being asked to respond to these numerous questions about the AFPS are being deprived of time which they ought to be able to spend on operational matters. As you"

that is me, Julian Lewis—

"seemed to be the target of Mr Scriven's original questions, I wonder if you can throw any light on what is the basis for this barrage of further enquiries about the Scheme? Until now, the Scheme has enjoyed unparalleled cross-party support and I am frankly concerned that someone seems intent on trying to disrupt or in some way undermine it in pursuit of some personal political objective."

The only advice I could give Sir Neil was that this manic and disruptive activity was part of a consistent pattern of behaviour that I have pieced together with the help of those who have encountered Terry Scriven in the past.

John Bercow (Buckingham) (Con): He's a nutter.

Dr. Lewis: Well, it's not just that he's a nutter.

In May 1999, Scriven was elected unopposed as one of half a dozen members of the parish council at Hyde in New Forest, West, the constituency in which he lives. Although he was elected for a four-year term, he lasted just six months as a parish councillor. During that time, he attended only four of the first nine meetings and resigned at the 10th—which was his fifth—after constant disagreements with his colleagues.The same happened when he was "elected", again unopposed, to Ringwood town council in 2006 and put on the planning committee. He attended his first council meeting on 26 July, but resigned from the planning committee on 25 October, only three months later, after a blazing row with the other members. In April 2007, the mayor of Ringwood announced, with some relief, that Scriven would be stepping down from the council completely.

Christopher Fraser (South-West Norfolk) (Con): They will give him a peerage.

Dr. Lewis: No, I do not think they will give him a peerage. His career as a town councillor in his local area in New Forest, West had lasted less than nine months from beginning to end. This fiasco followed hard on the heels of an even shorter dalliance as a trustee of an educational charity—the Vocational Training Charitable Trust—to whose board he had been formally elected at an annual general meeting on 4 October 2005. Such was his disruptive behaviour that, after attending only two meetings, he was twice asked to resign by the other trustees. He did so on 6 December, only two months later. [Hon. Members: "More! More!"] I must ask colleagues to restrain themselves, as I need to get through my speech in the time allowed.

All this shows a consistent pattern of deviousness and disruption. Normally, one would simply write Scriven off as a malevolent failure and put one's faith in the good sense of the voters when the election is called. However, this brings me back to where I began, for Terry Scriven has finally had a success. He has managed to get the *News of the World* to publish a story falsely accusing me of hardly ever "visiting", as it puts it, the home in my constituency where I have lived continuously for the past 11 years when I am not at Westminster. My genuine neighbours state, correctly, that I am constantly using my home, yet unnamed people, described as "neighbours" and "locals", supposedly told the newspaper that I am "HARDLY THERE"—the quote is all in capitals—enabling it to denounce me for claiming my parliamentary allowance on my London flat, which I am perfectly entitled to do. The newspaper's story contained one factual item: the date on which I changed my main home designation from my flat in London to my house in my constituency. That had never been published before, but it had been disclosed by the House of Commons to Terry Scriven and to nobody else on 11 July 2008, at the same time as his freedom of information request for my home address in London was rightly rejected.

As Mr. Scriven never responds to any questions that I put to him, other than to accuse me of trying to "intimidate" him by asking them, I had my solicitor write to him on 12 March pointing out that it appeared that

"the internal evidence in this false"

News of the World

"story demonstrates that you were the initiator of it".

The letter gave him

"the opportunity (i) to deny any role in the concoction of the News of the World report and (ii) to explain how else the newspaper could have obtained knowledge of the change of designation in June 2004, which was disclosed by the House of Commons only to you".

It concluded as follows:

"Our client intends presently to mention these matters publicly"—

I am doing that tonight—

"and is offering you this chance to put forward your explanation of events, before he proceeds. Our client's questions are, of course, not intended in any way to intimidate you but are designed to provide you with a full opportunity to respond and to correct any alleged inaccuracies of fact before he comments publicly about your behaviour…If we do not hear from you by 25 March 2009 our client will proceed as indicated, and people will be able to draw their own conclusions from your continued and persistent silence".

Mr. Scriven replied on 20 March stating that he had

"previously informed Dr Lewis on a number of occasions, in writing, that I find his actions intimidating. I will place this latest letter with a growing pile of other letters, emails and a message left on my answer phone which I have received from Dr Lewis over a period of almost nine months".

What Scriven did not do in this letter was to deny for one moment that he had indeed been the initiator of the *News of the World* smear. As my solicitor has now informed him, the only reason that a "pile of other letters" exists has been his own behaviour towards me and my staff, and his constant evasion of all questions put to him about it.

I have little doubt that at some point during the next general election campaign Mr. Scriven will seek to distribute, perhaps unattributably, and perhaps with its date removed in order to make it look current, large numbers of copies of the *News of the World* smear story against me—that is, assuming that decent Liberal Democrats who, unlike Terry Scriven, actually live in the New Forest, East constituency, have not finally realised that they made a disastrous mistake in selecting as their candidate someone whose behaviour makes him unfit for any elected position in public life.

My only defence against the covert tactics of this man is to bring them out into the open in the hope of inoculating the community against their intended effects. I have given him numerous opportunities to explain and justify his conduct, and his only response has been to claim to feel intimidated by me—that is the classic refrain of the bully when an intended victim actually stands up to him. What can we expect next? Will it be a press smear against Sir Neil Thorne or the armed forces parliamentary scheme, or just another smear against me, as a shadow Defence Minister, for daring to spend so much time with the military? Can we expect a demand for the abolition of parliamentary privilege, so that hon. Members cannot rebut scurrilous critics such as Mr. Scriven? Actually—I am not making this up—he has tried that one already. Perhaps we can expect a police raid on my home, because Terry Scriven feels "intimidated" by my asking him to confirm or deny his role in the *News of the World* smear.

I began by discussing Scriven's preposterous letter to my party leader, which, typically, was labelled "In Confidence", so that I should not see his latest attempt to disparage me. It revealed that Terry Scriven expects the director general of MI5 and the chief of the Secret Intelligence Service to tell him if I have ever been involved with either organisation. Perhaps he does not realise that, just as people who work with or for such bodies have a lifelong obligation of confidentiality towards them, the reverse is also true. I can only apologise to them, to the chief constable of Hampshire, to Sir Neil Thorne, and to everyone else whose valuable time is being wasted by intrusive and inappropriate correspondence from this person, who likes to describe himself as the "prospective Member of Parliament" for my constituency. [Hon. Members: "Never!"] I am glad that my hon. Friends say, "Never." This is a calculated effort to blacken my reputation in the eyes of my constituents. Thanks to the internet I have been able to respond quickly to the smears of the *News of the World* and to post the full documentation about Terry Scriven's antics in a special section of my website so people can read them and make up their own minds. Despite the co-operation of a certain sort of journalist, I do not think that Mr. Scriven will succeed in the end, but as he has to some extent poisoned the politics of New Forest, East, I thank the House for this opportunity to expose his behaviour and to set it on the record. [Hon. Members: "Hear, hear!"]

11.30 pm

The Deputy Leader of the House of Commons (Chris Bryant): This is far too much excitement for an Adjournment debate. There is obviously also too much excitement in politics in the constituency of the hon. Member for New Forest, East (Dr. Lewis), although he rather lost me when he was going on about the mayor of Ringwood, which sounds like a veterinary equine condition.

I pay tribute to the hon. Gentleman, who is not only one of the most fastidious Members, but one of the most respectful, and indeed the most fastidiously respectful of hon. Members. I have never found him intimidating, not even when he has been trying to be intimidating, so I am delighted that he has managed to see off the gentleman in his constituency. I am also fascinated by the idea of having a nom de plume. It sounds like having a nom de guerre, and again is far too exciting. I have also never known anyone be quite so public about being private about their address.

I can be dispassionate on this issue as mine is the only constituency in the country in which both the Conservatives and the Liberal Democrats have lost their deposits on the same occasion. I, too, increased my majority at the last election, and I am sure that that had nothing to do with anything on the internet—*[Laughter.]* It pays to advertise.

We can agree on many issues in this debate. First, the armed forces parliamentary scheme should not be taken lightly. It has provided an invaluable service for many hon. Members, including me, who would otherwise know very little of the armed forces, and we should thank Sir Neil Thorne. Secondly, the security of all hon. Members and their families and staff—we should not forget them—is a very serious matter. There have been very serious incidents in the past that the Liberal Democrats and other parties have had to face. That is a matter for the whole House.

In my own case, I had a stalker turn up outside my front door in London who had to be removed by the police. He rang me up and asked, "Is that Chris Bryant?" I said, "Yes." He said, "I'm Malcolm, I'm outside." I told him to go away. He said, "I'm very submissive." I used an expletive and he said, "I'm not that submissive." The police took him away. On a second occasion, someone was sent to prison for harassment, not because they were particularly aggressive towards me, but because they were making it impossible for me to do my job at my surgery.

All hon. Members will be aware of cases in their constituencies where they have had to deal with people who have mental health problems or who are fixated on them. It is incumbent on the whole political community to work together to ensure that such situations do not infect the body politic.

The House took a clear decision, on a free vote, to change the law in relation to candidates and whether they had to put their full address on the ballot. It is permissive, and if people want to put their address on they can do so. There were 235 votes in favour of changing the law and only 176 against. We also introduced a statutory instrument under the freedom of information legislation to ensure that Members' residential addresses could be kept secure for the obvious reasons that the hon. Gentleman has elucidated.

I think we can all agree that police time should not be wasted on nonsense such as this. We can also agree that

[Chris Bryant]

a free press is absolutely vital, but with a free press must surely come the duty to be accurate, to tell the whole story and to give the opportunity for a right of reply.

Finally, and most importantly of all, politics is an honourable profession and it should be entered into honestly and with magnanimity. When we show magnanimity across the House, we earn the respect of all voters.

Question put and agreed to.

11.34 pm

House adjourned.

House of Commons

Wednesday 29 April 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Devolution

1. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent assessment he has made of the effectiveness of the constitutional settlement on devolution in Wales. [270717]

The Secretary of State for Wales (Mr. Paul Murphy): My assessment of the devolution settlement is that the Labour-led Assembly Government are delivering real policies to underpin the lives of the people of Wales.

Sir Nicholas Winterton: As a committed Unionist, may I ask the Secretary of State whether he believes that to make devolution work for all the people of Wales there needs to be constructive, open dialogue between Cardiff and Whitehall? In what ways can that dialogue genuinely be improved?

Mr. Murphy: As a committed Unionist myself, I agree with the hon. Gentleman that there should be constructive dialogue between Whitehall and Cardiff. That is accomplished in a number of formal ways, including regular meetings between me and the First Minister, and between Ministers and my hon. Friend the Under-Secretary, together with a dialogue between Members of Parliament and Assembly Members of all parties. It is vital that the people of Wales understand that the best way forward for the Welsh people is through a partnership between this Parliament, the Assembly in Cardiff, this Government and the Welsh Assembly Government.

Dr. Hywel Francis (Aberavon) (Lab): I welcome the Secretary of State's observations, particularly his emphasis on partnership. One of the key elements of the Government of Wales Act 2006 is the role of the Welsh Affairs Committee in pre-legislative scrutiny of legislative competence orders. We have worked effectively with colleagues in the Assembly, especially Ministers, and we are committed to increasing that participation and partnership. Does he agree?

Mr. Murphy: Yes, I do, and I think that the work of the Welsh Affairs Committee is, in many ways, more significant following devolution than before it because there is a huge role to play, certainly in dealing with the LCOs—my hon. Friend's Committee does a good job on that, I know—but also, as the hon. Member for Macclesfield (Sir Nicholas Winterton) said, in maintaining a dialogue between Members of Parliament and Assembly Members, particularly by way of scrutiny. The Welsh Affairs Committee does a great job and my hon. Friend does an outstanding job as its Chairman.

David T.C. Davies (Monmouth) (Con): As a descendant of Owain Glyndwr and yet another proud Unionist, may I ask the Secretary of State whether he shares my concern at the taxpayer-funded All Wales Convention? It is going round demanding extra powers for the Welsh Assembly, which I and most of the Welsh people know will cost more money and inevitably lead to the break-up of the United Kingdom? What is he doing to ensure that the other side of the argument is put?

Mr. Murphy: I do not think that I need do very much, as long as the hon. Gentleman remains the Member of Parliament for Monmouth. I am not a descendant of Owain Glyndwr, certainly not with a name such as mine, but I agree that the convention should be open to everybody in Wales to put their points of view. It is, in effect, testing the water. If the convention believes that a referendum is necessary, the people of Wales will decide. In the meantime, right across Wales, people have the opportunity to put the hon. Gentleman's point of view, and indeed the opposite.

Adam Price (Carmarthen, East and Dinefwr) (PC): Speaking as a Euro Unionist, not a British Unionist, and as a supporter of Owain Glyndwr, but also not as a descendant of his, and in the spirit of partnership between the nations of these islands, what does the Secretary of State think of my party's proposal that each of the constituent nations of the United Kingdom should take its turn in nominating the UK representative as commissioner in the European Commission?

Mr. Murphy: Not much, really, but I do think that there is a case for Assembly and Scottish Government Ministers sharing with British Government Ministers representation at meetings in Brussels, Strasbourg and elsewhere. That has happened over the years and there is an important role to be played. However, in my view, only the sovereign state Government is able to nominate for the role of commissioner.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): May I add that I agree with the Secretary of State's remarks on the previous question?

The reality of the relationship between Westminster and Cardiff Bay is not quite as cosy as the first two questions perhaps suggested. Now he has had a chance to work with the LCO process, and bearing in mind the sudden rush of LCOs coming through, is he entirely happy with the procedures: the scrutiny process, which affects the Welsh Affairs Committee's work load by giving it a lot of heavy work; and the public and political intervention from the Assembly's Presiding Officer, or does the system need improving?

Mr. Murphy: I think that the system needs monitoring all the time, and that there is room for improvement all the time. My hon. Friend the Under-Secretary and members of the Welsh Affairs Committee are considering, for example, how to improve the speed with which LCOs are dealt with. I commend them for that. I note the hon. Lady's comments about the role of the Presiding Officer, and I will pass on her views when I next meet him.

Cross-border Health Services

2. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What discussions he has had with ministerial colleagues and the Welsh Assembly Government on treatment in hospitals in England of patients resident in Wales and in hospitals in Wales of patients resident in England. [270718]

4. **Mr. Peter Bone** (Wellingborough) (Con): What discussions he has had with ministerial colleagues and the Welsh Assembly Government on treatment in hospitals in England of patients resident in Wales and in hospitals in Wales of patients resident in England. [270721]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): My right hon. Friend the Secretary of State and I have regular discussions with ministerial colleagues and the Welsh Assembly Government on such matters. The discussions include the new cross-border protocol for health care services of Wales, which, I am pleased to say, has been agreed between the Welsh Assembly Government and the UK Government.

Mr. Vara: I am grateful to the Minister for those comments. He will be aware of the recent Welsh Affairs Committee report on cross-border health policy, to which he referred in his preliminary comments. He will also be aware that there should be clinical excellence for all those who wish to have medical treatment, as close as possible to their homes. Does he acknowledge that that would mean Welsh patients ending up having medical treatment in English hospitals? Will he do all that he can to urge the Welsh Health Minister to abandon her so-called in-country policy, which is causing so much distress to neurosurgery patients in Wales?

Mr. David: The hon. Gentleman is correct in referring to the Welsh Affairs Committee interim report on the provision of cross-border health services in Wales. We have considered that important report, and the Department of Health will respond to all its points in due course. It is important to recognise, however, that devolution is about addressing particular needs. The Welsh Assembly Government have clearly defined and articulated their policy, and we are seeing consistent and radical improvements in the health care of the people of Wales. Obviously, given the unique situation with regard to the Welsh-English border, a close working relationship is needed. I am absolutely confident that the protocol that is now in place and is being implemented will ensure effective co-operation and cross-border flow to the benefit of English and Welsh patients.

Mr. Bone: The Minister has referred to the difference between health care in Wales and England. With the outbreak of swine flu, and the possibility of a pandemic, is the Minister confident that the people of Wales will get the same treatment as in England?

Mr. David: The hon. Gentleman raises an important question. Only yesterday, I had a telephone conversation with Edwina Hart, the Welsh Assembly Government Health Minister, and I am absolutely confident that the greatest co-operation is taking place between central Government and the Welsh Assembly Government. I am pleased that she will make a statement to the Welsh Assembly this afternoon outlining her measures in some detail. She is participating fully in Cobra in London, and I am told that £59 million has been earmarked in Wales for effective preparation and response.

Albert Owen (Ynys Môn) (Lab): I very much welcome the protocol and agreement reached between the Welsh Assembly Government and the Department of Health on such important cost and funding issues. Does my hon. Friend agree that, prompted by the Welsh Affairs Committee's inquiry into health and cross-border issues, it is now essential to make it a principle that access by Welsh patients and my constituents to English hospitals must be on the basis of clinical need, not geography? Is it not also important that Welsh Members of Parliament have the opportunity to discuss those issues in this House? That would be under threat if the Tories' English-only policy were to come into effect.

Mr. David: My hon. Friend makes important points, and I congratulate him on his excellent work to ensure an effective relationship between England and Wales on the important matter of the health service. He stresses rightly that we have a national health service in this country covering both sides of Offa's dyke, although devolution means that there is a variation on that. The principle of clinical need is cardinal to the operation of the health service in both our countries. I also agree strongly that ongoing dialogue on cross-border health is very important. It is vital that Welsh MPs, in the number that there are, contribute effectively to that debate. We would strongly oppose any attempt, suggestion or move to reduce the number of Welsh MPs, particularly with regard to this important issue.

Mark Williams (Ceredigion) (LD): The Minister referred to the Select Committee report and concerns about the lack of co-ordination between the Department of Health in London and the Welsh Assembly Government, and, in particular, the strains that the previous arrangements placed on clinicians and patients. Is he satisfied that the new protocol, which amounts to an interim protocol, is robust enough and, crucially, transparent enough to assuage the concerns of many of my constituents—and doubtless his—who seek treatment in Gobowen, Frenchay, Hereford and elsewhere? A lot of early misinformation was provided about cross-border health flows.

Mr. David: A revised cross-border protocol for health services has been agreed with the health service in Wales and the Department of Health here in London. It has rightly taken a long time to formulate, because the issue is far from straightforward and both parties wanted to be absolutely certain they were taking the best possible approach. I believe that that is what is now contained in the cross-border protocol, which has been well received. I am confident that it will be effective for patients in Wales and England.

Mr. David Jones (Clwyd, West) (Con): The Minister will be aware of the recent media attention on the concerns expressed by the Muscular Dystrophy Campaign over the lack of specialist care in Wales for people with neuromuscular conditions and their difficulty in obtaining treatment in England. The MDC has argued strongly for the establishment of a UK-wide national commissioning

group for specialist diagnostic services. Is he willing to approach the Secretary of State for Health to explore the possibility of establishing such a service, which would very much benefit the people of Wales and would be very much welcomed by his colleagues in the Welsh Assembly?

Mr. David: The hon. Gentleman raises an important issue with regard to muscular dystrophy. By definition, the issue is a cross-border one, and I would of course be more than happy to have discussions with the Department of Health and with Edwina Hart, the Welsh Assembly Government Health Minister. One of the positive things over the past few months has been a growing partnership between health services. It is true that things can be done differently—that is what devolution is all about—but it is essential that in these post-devolution times we have a constructive dialogue at all times. I shall ensure that this issue is taken forward, as he suggested.

Industrial Injuries

3. **Mr. Don Touhig** (Islwyn) (Lab/Co-op): What discussions he has had with the Secretary of State for Work and Pensions on the compensation scheme for persons with arthritis of the knee arising from industrial injuries sustained in former Welsh coalfields. [270720]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): My right hon. Friend the Secretary of State for Wales and I have regular discussions with ministerial colleagues on a range of issues relating to the former Welsh coalfields. He and I warmly welcome the announcement made on 15 April by the Secretary of State for Work and Pensions. From this summer, sufferers of miners' knee will be able to apply for industrial injuries disablement benefit.

Mr. Touhig: Following the announcement, to which my hon. Friend has just referred, that miners who suffer from beat knee will be compensated, the National Union of Mineworkers in south Wales is warning that some solicitors are trying to cash in by persuading miners that they have to go through them to make a claim. That is untrue, so what are the Government doing to protect claimants from those seeking to make another fast buck on the back of sick miners?

Mr. David: My right hon. Friend raises an extremely important point, to which the NUM in south Wales has alerted MPs; we view with some concern the fact that certain solicitors—one in particular—have written to recipients of vibration white finger compensation and other compensation and offered their services. They are perfectly entitled to do that, but it is very important to recognise that there is no need for claimants to operate through a solicitor, because they can go directly to the Department for Work and Pensions. We must ensure that that message is made crystal clear to all people who have received vibration white finger and chronic obstructive pulmonary disease compensation.

Hywel Williams (Caernarfon) (PC): Slate quarry workers have received compensation for dust diseases since legislation brought in by the previous Labour Government in 1979. However, although coal miners have received compensation for emphysema, bronchitis and now for knee injury, slate quarry workers have not. Will the Minister examine this issue with a view to addressing what some people see as an anomaly and what some, myself included, see as an injustice?

Mr. David: The hon. Gentleman is right to raise this issue, and he accurately points out that it was a Labour Government who introduced this compensatory measure. Of course, as we all realise, these processes can be extremely complicated and can contain anomalies and gaps. I give a commitment that we will do everything we can to ensure that there is maximum coverage for everybody who desires and is in need of the compensation that is intended.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Further to the point made by my right hon. Friend the Member for Islwyn (Mr. Touhig), I can tell the Minister that this Sunday a firm of solicitors from Cardiff was touting for business in Grimethorpe working men's club in my constituency to try to get miners to pay £300 up front for its services in claiming for miners' knee. Will the Minister join me in frowning on that practice, and will he raise the issue with the Law Society to try to outlaw it?

Mr. David: I welcome my hon. Friend's comments, which show that this issue extends way beyond Wales. Solicitors can tout for business in that way, but it is important to recognise that charging £300 or even £345—as in a case that I know of—to expedite a claim is morally wrong, and it is incumbent on all of us to ensure that our constituents know that Members of Parliament will do everything they can to expedite claims and will forward claims to the Department for Work and Pensions, and that no charge will be made.

Unemployment

5. **Jenny Willott** (Cardiff, Central) (LD): What recent discussions he has had with ministerial colleagues on measures to reduce unemployment in Wales. [270722]

The Secretary of State for Wales (Mr. Paul Murphy): Last week's Budget announced a further employment package, building on steps taken in the pre-Budget report to respond to rising unemployment, including an extra £1.7 billion for Jobcentre Plus.

Jenny Willott: I thank the Secretary of State for that response. Five years of jobcentre closures and staff cuts have meant that Wales now has 144 jobseekers for every personal adviser, which is nearly double the figure a year ago and means that each adviser has only about 15 minutes a week to help each person into work. Given that unemployment in Wales is likely to rise by a further 50 per cent. over the next year, will the Secretary of State speak to his Cabinet colleagues to ensure that Jobcentre Plus has people in place with enough time to help those who are unemployed find work?

Mr. Murphy: Of course I will, but the hon. Lady will accept that a percentage of that £1.7 billion for Jobcentre Plus will go to Wales, and the whole purpose of that spending will be to do the sort of things that she mentioned, with proper advice and sufficient time to talk to people who come to Jobcentre Plus about their own particular difficulties.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): My right hon. Friend will recall the devastation that was visited on communities in west Wales and the valleys during the 1980s and the early 1990s as a result of two Tory recessions. Does he agree that the policies that were followed then were wrong and left a lasting legacy that meant that under the Labour Government we qualified for special European aid? The way to get out of a recession is not to cut our way out, but to grow our way out.

Mr. Murphy: I could not agree more with my hon. Friend. He will know that long-term unemployment was a scourge in the 1980s and 1990s, and that the Government cannot be an uninterested observer. Government, both in Cardiff and in London, must act, and that is the opposite of what the Conservatives stand for.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Further to the question by the hon. Member for Cardiff, Central (Jenny Willott), the Secretary of State will know that last year it was announced that 12,000 jobs would be lost in the offices of the Department for Work and Pensions, the equivalent of losing 200 offices. Some 33 towns in Wales are currently without offices. Given that a further £15 billion of cuts are on the way, how many more jobs will be lost in that sector in Wales?

Mr. Murphy: Obviously we have to try to preserve all jobs, whether in the public or private sectors. The Government measures announced in the Budget include the money for Jobcentre Plus, the money for the under-25s in Wales and the measures taken over the last couple of months, and they are specifically designed to ensure that jobs are protected. Of course, we cannot avoid some job losses, because they are inevitable in a downturn such as this, but we have to do all that we can to ensure that other jobs are available—thousands of jobs are still vacant in Wales—for people to take.

Mrs. Siân C. James (Swansea, East) (Lab): This has not been an easy time for anybody seeking work, and we in Swansea, East have also faced challenges. I am sure that the Secretary of State will agree that the work that Jobcentre Plus has done is absolutely fantastic. I want to commend the work of our local Jobcentre Plus in Morriston. Will the Secretary of State ensure that publicity and promotion is made available, both for employers experiencing difficulties and for those seeking work, to promote the work of jobcentres?

Mr. Murphy: Yes, of course I will ensure that that message is put across. My hon. Friend does a great deal for the people of Swansea in this regard. She will know, of course, that the Labour party conference met very successfully last weekend in Swansea. All the policies to which I have just referred also refer specifically to the problems faced by her constituents in Swansea, East.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): The Secretary of State will be aware that the latest job loss figures from Wales are dire. Unemployment in my constituency has gone up by more than 100 per cent. in the past 12 months. On Friday, I was at my local Jobcentre Plus, which is doing valuable work, but will the Secretary of State say what additional support can be given to those new victims of the recession who need targeted and specialist support? They have a solid and continuous work history, and often a good education, and they might never have been inside a jobcentre in their lives. They need targeted support and they face a very bleak set of circumstances right now.

Mr. Murphy: I quite understand what the hon. Gentleman is saying. If he follows the proceedings of the Budget last week and the announcements that followed, he will see that some 7,500 new jobs for young people in Wales could be created by initiatives that the Government have taken over the past couple of days and the money that is going in. At the end of the day, the Government are tackling these issues in a manner that is entirely different from the non-policies of the Opposition.

John Smith (Vale of Glamorgan) (Lab): What discussions has my right hon. Friend had with the Secretary of State for Defence about the Ministry of Defence's policy of sustainable procurement in the defence technical college contract in St. Athan in my constituency? If that policy is adhered to, it will have a dramatic effect on unemployment in south Wales, with planning taking place next month and construction starting next summer.

Mr. Murphy: My hon. Friend is aware that I am in constant contact with my right hon. Friend the Secretary of State for Defence, particularly on the subject of the defence training academy that is coming to my hon. Friend's constituency. My hon. Friend has done a great job in this respect, and this is the biggest single public procurement project ever in Wales.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): On 6 November, the Secretary of State announced that a £150 million investment fund to help businesses would shortly be operated through Finance Wales. The chief executive of Finance Wales said that the scheme had been planned for some time. Why did it take six months to launch it, why was it left until the Welsh Labour party conference to do so, and what does he say to the thousands of people who have lost their jobs in the meantime whose businesses might have been helped by that fund? Does "shortly" mean "when politically convenient"?

Mr. Murphy: I think that the hon. Lady understands that much of the finance that goes into these schemes comes from Europe. That includes money for Finance Wales, and this week—she is aware of this, as she just made reference to it—£150 million of new money has come into Wales as a consequence. She asked what I would say to the people of Wales with regard to these issues of unemployment. I would say that her party was in government for 215 months, and that for 205 of those 215 months unemployment levels in Wales were higher than they are today in Welsh constituencies.

Small Businesses

6. **Bob Spink** (Castle Point) (Ind): What recent assessment he has made of the viability of small businesses in Wales. [270723]

The Secretary of State for Wales (Mr. Paul Murphy): I am in regular contact with Welsh businesses and key stakeholders in Wales, not least at the all-Wales economic summits that I attend regularly.

Bob Spink: I thank the Secretary of State for that answer and I welcome Government measures such as the exemption on business rates for vacant business properties and the additional time allowed to pay taxes. We still need to unblock bank lending. Will the Secretary of State say what he will do to achieve that in order to help enterprising people through these tough times?

Mr. Murphy: The hon. Gentleman is absolutely right that the key to small business success is the unlocking of funds from the banks. In Swansea a few weeks ago, the all-Wales economic summit met leading bankers in Wales to encourage them to do precisely that. In addition, the new enterprise guarantee fund scheme in Wales has already paid out £8 million to help 90 Welsh firms. That is real action for people in Wales.

Heart of Wales Railway

7. **Mr. Martin Caton** (Gower) (Lab): What recent discussions he has had with Welsh Assembly Government Ministers on developing and improving the Heart of Wales railway line. [270724]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): My right hon. Friend the Secretary of State and I have regular discussions with Welsh Assembly Government Ministers on a range of issues, including railways. I should like to pay tribute to the work that my hon. Friend the Member for Gower (Mr. Caton) has done in campaigning to raise the profile of this extremely important railway line.

Mr. Caton: I thank my hon. Friend for that reply, but does he agree that this beautiful railway route through Wales and England is not delivering to its full potential at the moment, especially in green tourism? In future, will the UK Government co-operate with the Welsh Assembly Government in developing a strategy to improve the line?

Mr. David: Co-operation on this issue is vital. I give a commitment that we in the Wales Office will ensure that there is maximum co-operation between the Welsh Assembly Government and the UK Government. However, I point out that the Welsh Assembly's Rail Forward programme has set aside some £50 million for investment, which implements the political agreement that has been struck.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [271544] **Mr. William Cash** (Stone) (Con): If he will list his official engagements for Wednesday 29 April.

The Prime Minister (Mr. Gordon Brown): Before listing my engagements, I am sure that the whole House will wish to join me in expressing our deepest condolences to the family and friends of the soldier from 1st Battalion Welsh Guards who was killed in Afghanistan yesterday. All those who have lost their lives in conflict deserve our profound gratitude for their service, and we will never forget those who have shown such dedication to our country and to the people of Afghanistan.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Mr. Cash: May I join the Prime Minister in his condolences to the family in question? Given his recent comedy turn on YouTube, when can we expect another performance?

The Prime Minister: YouTube is one of the most important mediums of communication and, even if the Opposition will not use it, I shall continue to do so.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): My right hon. Friend will be aware of the cases of swine flu that have been diagnosed at Monklands hospital. To reassure my constituents and many other people, will he tell us what plans are in place to deal with this very worrying problem?

The Prime Minister: In addition to the two members of the public in the Monklands area who have contracted swine flu and who I understand are getting better, the House will want to know that there are three further confirmed cases. One is a 12-year-old girl from Torbay, and the other two are adults, one from Birmingham and one from London. All of them travelled recently from Mexico and have mild symptoms. They are all receiving Tamiflu, the treatment that has been effective so far, and are responding well to it. The school in Torbay at which the 12-year-old is educated will close down for the time being, and all pupils will be offered the Tamiflu antiviral.

I believe that we are making the necessary preparations and taking the precautions that we need to take to prevent the incidence of the disease in this country. I can confirm that we have enhanced airport checks, and that we are advising people not to travel to Mexico unless it is necessary. We will continue to review the position, and at the same time we have decided to build up stocks of antivirals from 35 million doses to 50 million. We are ordering a great many more face masks, and we will send out public information to all citizens in this country. By Tuesday of next week, an information leaflet will be available for every family.

The World Health Organisation has said that we are one of the best prepared countries. We intend to keep it that way, and to do everything in our power to make sure that people are safe from this worldwide flu.

Mr. David Cameron (Witney) (Con): May I join the Prime Minister in paying tribute to the soldier from the 1st Battalion Welsh Guards, who was killed in Afghanistan yesterday? He died serving our country, and we should honour his memory.

The whole House will share the Prime Minister's concern about the cases of swine flu and what he has just said, and the whole House will also welcome the steps that the Prime Minister and the Government are taking. May I ask a number of specific questions? First,

may I ask about the national flu line? That was supposed to be up and running already, but instead we are currently told, I believe, that it will not be operational until the autumn. Given the importance of making sure that information is available for people, can the Prime Minister tell us what the Government are doing to speed that up?

The Prime Minister: Yes, I am very grateful for the opportunity to explain that, and to thank the right hon. Gentleman for what he has said about both our best wishes for those who are affected by the flu and the preparations that we are making to deal with the problems that arise from it. I can say about the flu line that interim arrangements are being made. We signed a contract with BT last year. It is not simply an information line; it is about the availability and distribution of antivirals to people in the country. If that is necessary, that will be done, and we have made arrangements so that that can be done, but of course over the longer term we want to create the flu line, which is to be brought into being when it is necessary. I have to say that the circumstances in which it would be used are not yet reached, and we hope that they will not be reached, but arrangements have been made. If I may say so, the Health Secretary will make a fuller statement to the House this evening about those very issues.

Mr. Cameron: I am grateful for that answer. Clearly, everyone will be concerned that without a flu line, there is a danger that NHS Direct could be swamped.

There are two further issues on preparedness that I would like to ask about. First, the Prime Minister said that the Government are ordering more stocks of antivirals. Currently, those stocks cover half the population. The Government have accepted that it would be useful to have antivirals not just for treatment, but for prevention. He gave some figures earlier; could he tell us the time scale for getting up to those figures, and what percentage of the population would then be covered?

The second issue is about face masks; again, the Prime Minister mentioned it. My hon. Friend the hon. Member for South Cambridgeshire (Mr. Lansley), the shadow Secretary of State for Health, has, I believe, raised the matter 15 times in the last four years. The Health Secretary said on Monday that the Government have not yet done enough. Again, could we have a time scale on the issue of face masks as well?

The Prime Minister: I am grateful, again, for the right hon. Gentleman's questions about this, because it allows me to explain to the public everything that is being done, and everything that we intend to do. As far as the antivirals are concerned, we are increasing our order from the 35 million that we now have to 50 million. These are brought into use, normally, only where symptoms of the flu are discovered, so we feel that we are well prepared at the moment, but it is right to increase the coverage of the population, and of course it is right to help national health service staff who may be exposed to the flu.

As far as face masks are concerned, let me say that there are large numbers in stock but we have got to do more, and we have now ordered, and are ordering, several million more masks. These orders will come in over the next few days and weeks, and we are determined to have what is necessary. May I say, so that there is no confusion on this, that the face masks are what are necessary for the NHS staff? The guidance that has been given by the chief medical officer about what the public can do, and the guidance that we will send out in the information note from next week—it will be on the website a lot earlier—will not refer to a need for the public to have such a face mask. This is for NHS staff who are in circumstances where they come up to people who are perhaps facing, or suffering from, that flu. That is what the face masks are for. I hope that there will be no doubt in the public's mind that the advice given by the chief medical officer over the last few days about how people can best prevent the flu and prepare themselves for it is the advice that we stand by, and the Health Secretary will reinforce that this evening.

Mr. Cameron: May I thank the Prime Minister for that answer and that information? I am sure that at this time, the whole country and the whole House of Commons will want to wish the staff of our national health service well in what may be difficult days ahead.

May I turn now to the issue of the Gurkhas? The leader of the Liberal Democrats should be congratulated on proposing the Opposition day debate that we are having later today on the Gurkhas. Everyone in this House, I believe, wants to meet the obligations that we owe the Gurkhas. Does the Prime Minister agree that we need a solution that can be introduced rapidly, but that is consistent with fair and managed immigration? Does the Prime Minister now accept that the proposals that he has put forward are too restrictive, and as a result will neither honour our obligations nor command public support?

The Prime Minister: May I just reply to the last part of the right hon. Gentleman's comments about the national health service before I come on to that? We have, of course, issued guidance to every health authority—they are all involved in dealing with this, even though cases have been confirmed in only four areas of the country. The advice to nurses and other members of the health service is that the antiviral will be available to them. The Health Secretary will give more details on that this evening. We want to protect the staff of the national health service, and as everybody recognises, they do a great job. We are very proud of them, and we will continue to support them in everything that we do with the funds that are necessary.

Coming on to the subject of the Gurkhas, which has been raised in the motion tabled for debate today, since 1997, we have taken the first action to give justice to the Gurkhas. During that period, the first ever rights of settlement for Gurkhas in Britain have been agreed, and 6,000 of them have applied successfully and have come into the country. Secondly, we have introduced equal pay and pensions for the Gurkhas—something that had not happened before—and, thirdly, we doubled the pensions of people staying in Nepal and increased the pension for Gurkhas, especially those at a senior age. I respect the fact that this is a matter of great concern for everybody in the country, but we have to balance our responsibilities to those who have served our country with the finance that we need to be able to meet those obligations, and therefore not base our offer on money that we cannot afford.

The proposals that we have introduced will increase the number of Gurkhas who can come into this country by 4,000 or, including families, about 10,000 people. We keep the matter under review, and we will review it over the course of the next few months, as the Home Secretary has said. There are 1,300 cases in the pipeline, and we have promised that we will review them by 11 June. So that there is no misunderstanding, let me say that the majority of the 4,000 who are coming into this country are below the rank of officer, and the suggestion that that is not the case is not, from the information that I have, correct. We will continue to review the position over the next period of time, and we will look particularly at the conditions applied to riflemen for their years of service. We will continue to report back to the House on the issue, but I hope that everybody agrees that this is an advance on where we were. Given that there were no rights of settlement for Gurkhas before 1997, within the public spending constraints that we face, we are taking another big step forward.

Mr. Cameron: The problem with the Prime Minister's proposals is that those representing the Gurkhas believe that only 100 or so will be able to settle under his proposals. May I suggest a more straightforward way, as he said that he is prepared to review it, which would be to introduce a new category in the immigration system for people from overseas who have served in the armed forces, principally the Gurkhas? That would give the right of settlement to pre-1997 Gurkhas in an ordered way. Is that not a fair and managed way to maintain the integrity of the immigration system, while allowing those Gurkhas to settle in the UK, dealing with the 1,300 and more besides, because we owe them a debt of gratitude?

The Prime Minister: First of all, the figures that we have announced are 4,000, not 100. They include the families of Gurkhas—their children and descendants—making 10,000 in total. I do not accept the figure of 100, and I do not think that it bears mention, given the fact that on past experience, the 6,000 who have come in represent a very high number of the people who had the right of entry for service after 1997. I believe that those figures are realistic, and we are talking about several thousand people coming into the country. The total number of Gurkhas is 36,000, and the estimated public expenditure is about £1.4 billion for meeting those costs.

We have to work this in stages by balancing the need for the Gurkhas to receive recognition for everything that they have done with the finances that are available, given that we have other problems with which we have to deal at this time. Those who have given 20 years' service, those who have been injured or disabled, and those who have won special honours for gallantry will be welcomed into this country, and I hope that the House recognises that while not everyone is satisfied with what we have done, we have made progress. We can work through this in stages, and continue to review what the right policy is for the future.

Mr. Cameron: I have to say that if the figures were robust, there would not be a huge number of Gurkhas gathering outside the House, including elderly and frail people who served our country, who do not believe that the Government are playing fair. Is it not the case that maintaining the Government's approach will simply mean more delay and more elderly Gurkha veterans dying as they wait for an answer? May I ask the Prime Minister one last time whether he will at least consider the idea of introducing an additional category into the immigration system? There is an immigration Bill passing through Parliament to which it could be added. This would be a responsible and reasonable way of achieving a more generous settlement, which Members right across the House would support.

The Prime Minister: If the right hon. Gentleman is proposing this, presumably he knows the numbers involved, but I do not hear either him or the Liberal party saying the numbers that would be involved in this cause. Of course I am prepared to look at it. I will always look at suggestions that are made, so that we can see whether they are applicable, but what I would like the House to consider is that in stages we have made great progress; we must balance the public expenditure requirements of this country with the needs of those who want to come into our country. There are 1,300 cases under review, so I accept that people are waiting for results, but we have promised that these results will come by 11 June. We are determined to honour the service that the Gurkhas give. We have been very proud of what they have done for our country. We have made major changes over the last few years. We are prepared now to make major changes again, and we are prepared to continue to review the situation for the future, but that must be based on proper facts and figures and on the ability to make decisions that we can afford.

Martin Salter (Reading, West) (Lab): Last December it was my sad duty to attend the funeral in Reading of campaigning Gurkha war veteran Bhim Prasad Gurung, who died in abject poverty while awaiting the outcome of his appeal against the refusal to offer him settlement in the UK. The Prime Minister should be aware that Bhim would have faced deportation under the new guidelines announced on Friday, as he was made redundant after 12 years of brave service and denied his Ministry of Defence pension. Will the Prime Minister be more specific about how quickly he will bring forward his promised 12-month review of the policy, finish the job that the Labour Government started in 2004, and deliver justice for Gurkhas at last?

The Prime Minister: Let me say first that my hon. Friend has been a campaigner on behalf of the Gurkhas, and he has raised the matter with me not only on many occasions, but recently. I can also say that I sympathise with the case of his constituent and the difficulties that he had faced. In the cases where no answers have been given, we have promised that the answers will come by 11 June. On the further reviews that are taking place, the Home Secretary has made it clear that she will continue to review the position. I am very sensitive to the position of the rifleman whom my hon. Friend mentioned. We will look carefully at that over the next few weeks.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I should like to add my own expressions of sympathy and condolence to the family of the unnamed soldier who tragically lost his life in Afghanistan yesterday. I thank the Prime

Minister for the information that he provided to the House on the measures that are being put in place to deal with swine flu. I join in lending the support of all of us to those working in the health system to deal with the crisis.

The Prime Minister's answers on the Gurkha issue are deeply, deeply evasive. How is it honest or decent to say that Gurkha soldiers who have served 20 years can come and live in this country, when he knows full well that the majority of ordinary Gurkha soldiers serve only 15 years? How is it honest or decent to say that Gurkha soldiers must prove that their illness was caused by their military service, when he knows full well that the frailest Gurkha veterans cannot do that? Can he not see that there is a simple moral principle at stake, and it is this: if someone is prepared to die for this country, surely they deserve to live in this country?

The Prime Minister: It is precisely because we have accepted the importance of treating the Gurkhas well that we made changes in the past few years. We equalised pay and pensions and we doubled the pensions of Gurkhas who are retired in Nepal. It is precisely because we take seriously the questions that the right hon. Gentleman has raised today that we have increased the numbers of those who can come into this country. I have been given the information that half of the 4,000 are below officer class. It is not right to suggest that everybody who can come into the country must be a commissioned officer in the first place.

I put it to the right hon. Gentleman that we are making progress stage by stage on the matter. He has to bear in mind, as he constantly says, that there are public expenditure issues involved. At the moment, £1.4 billion would be a very big sum of money indeed for us to guarantee. We are taking the steps that are necessary, there is more justice for the Gurkhas than there ever was in the years before 1997, and we will continue to do our duty by the Gurkhas who have served this country.

Mr. Clegg: What kind of answer is that? It is the answer of a man who seems to know that he is doing a shameful thing, but does not have the guts to admit it or change it. It is the answer of a Government who have no principles and no courage. I ask the Prime Minister again: surely simple, ordinary British decency means that soldiers who are prepared to die for this country deserve to live in this country.

The Prime Minister: That is why we have taken the actions over the last few years that we have done. Let me just repeat: we led the way in giving Gurkhas right of settlement in this country, we led the way in equalising pay and pensions, and we led the way in doubling the pensions of those who are in Nepal. Now we are making sure that people with medical conditions and awards for their service to this country, as well as those with 20 years of service, can come into this country. I assure the right hon. Gentleman that we believe that large numbers of people will take up that invitation for themselves and their families. But I have to put it to him that Governments must always balance the need to take action in stages with the resources that they have available. It may not be a problem that he has to face: it is a problem that we have to face and we will take the right decisions.

Mr. Chris Mullin (Sunderland, South) (Lab): Given that the Government are a little strapped for cash at the moment, might this be the moment to reconsider our commitment to spend £20 billion on a new generation of nuclear weapons?

The Prime Minister: As my hon. Friend knows, that expenditure is over more than 20 years. As he also knows, we wish to use the fact of our deterrent to bring about non-proliferation of nuclear weapons throughout the world and to persuade other countries to be part of a process of nuclear disarmament. At the moment there is an opportunity for the major powers to reduce their nuclear weapons and in return we could get agreements about non-proliferation of nuclear weapons from some of the major powers, while at the same time offering them the right that they should have to civil nuclear power. He may remember that the non-proliferation treaty was based on two principles: first, that countries with nuclear weapons would cut their nuclear weapons, and, secondly, that we would give non-nuclear states access to civil nuclear power. Given the pressures that exist at the moment, that is an even more relevant position than it was 50 years ago.

Q2. [271545] **Sir Michael Spicer** (West Worcestershire) (Con): Now that fiscal probity is back in vogue, why do we need a Labour Government?

The Prime Minister: Two and a half million extra jobs in 1997, 1 million extra young people in further education and training, 1 million more adults getting education and literacy, a doubling of the national health service and education—all would be put at risk by a Conservative Administration.

Richard Burden (Birmingham, Northfield) (Lab): Eight hundred employees of the LDV van-maker in Birmingham, together with thousands more in dealerships and suppliers, face new worries today with the announcement that the company has applied to go into administration in a week or so. Will my right hon. Friend assure me that the Government will do everything that they can, proactively as well as reactively, to secure a viable owner for the company, with the backing that it needs to allow LDV to realise its potential, including the production of a new generation of electric vans?

The Prime Minister: Yes, we will. My hon. Friend is right. He has taken up the case of the car and vehicle industry in the midlands over many years. We have had substantial talks with the company, LDV, and we have tried to be of help to it. We have said that a range of Government support is available if it has a business model for moving forward that we can work with and support. Obviously, the responsibility for putting the company on a firmer footing has rested with the owner and potential investors, but we have already set aside money to make it possible for the car industry to receive support from Government.

Q3. [271546] **Anne Main** (St. Albans) (Con): Will the Prime Minister accept responsibility for the months of chaos, uncertainty and confusion which surrounded schools in my constituency when post-16 education funding was removed at short notice?

The Prime Minister: We are the party that is offering the guarantee of education to 18 for every young person; we are the party that is bringing in plans from this autumn that every teenager can have education as of right to 18; and we have announced in the Budget the money that will be made available to do so. It is a bit much for the Conservative party to complain about education funding when the first thing that the Conservatives would do is cut it as a result of their plans.

Q4. [271547] **Clive Efford** (Eltham) (Lab): Does my right hon. Friend agree that, whatever the outcome of tomorrow's votes on Sir Christopher Kelly's review of Members' allowances, one thing that the public have the right to expect is full disclosure of all outside influences, including income, who employs Members, who pays them, for how long and also—

Hon. Members: Unions!

Mr. Speaker: Order. Let the hon. Gentleman speak.

Clive Efford: There is also the value of—*[Interruption.]*

Mr. Speaker: Order, Mr. Campbell.

Clive Efford: There is also the value and income from blind investment trusts, such as the ones held by millionaires' row on the Opposition Benches.

The Prime Minister: I think that Members should remember that the whole country is looking at our proceedings, and I think also that the whole country wants us to take the action that is necessary to clean up any problems and any abuses that exist in our system. *[Interruption.]* I must say to all Members who are shouting that they should have some humility, because the public are the taxpayers, and the public pay for the expenses of MPs. We have a duty to put in shape the best measures possible for dealing with that.

In the last week, we have made more progress than we made for many years. First of all, we are dealing with problems of employment of staff. We are dealing also with the problems that arise from outside interests, and I know that there is a lot of sensitivity on the Opposition Benches as we talk about that. Equally, we are dealing with the problems of London Members living in London at the same time as being in Westminster; we are dealing with the problems of grace-and-favour residences; and we are dealing with a review by the Committee on Standards in Public Life of the problem of the additional costs allowance. That should be based on transparency and attendance in the House, and a lower amount of money should be spent on it than is now. That is the way forward, and I hope that Members will all support the Government's proposals tomorrow.

Q9. [271553] **Sir Nicholas Winterton** (Macclesfield) (Con): The regiment with which I had the honour of serving, the 14th/20th King's Hussars, now the King's Royal Hussars, is able to wear the Gurkhas' cross kukris on their uniform, because of the operations on which we jointly serve. Does the Prime Minister not accept that a huge number of people in this country believe that we must be much less restrictive on allowing Gurkhas, some of whom have sacrificed their lives for this country, to come and live here? On that point, I fully support my right hon. Friend the Leader of the Opposition.

The Prime Minister: Yes, we should be less restrictive. That is why we have put forward the proposals. I hope that the hon. Gentleman will accept that we can move in stages on this matter. This is a proposal that will allow 4,000 more Gurkhas to come into this country and mean that 10,000 people—their families included—will be able to reside in this country. That is the purpose of our proposal. I hope that he will support it.

Q5. [271548] **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): In my area of Teesside, the chemical industries made tremendous progress thanks to the policies pursued by our Labour Government, but recently industry has been going through very tough times and there have been plant closures as well as short-time working practices for employees. What policies, support and hope can my right hon. Friend give to my constituents, so that we can deal with the problems that we face and have a successful chemicals sector in the future?

The Prime Minister: We are taking action instead of the Opposition's policy of doing nothing. Some 100,000 companies have benefited from our tax deferral, 350,000 workers are on short time and are getting benefit from our tax credits system, and we are ready to do more to help small, medium-sized and large businesses to look at the provision of guarantees and loans for the future. All over the world, I see Governments who are prepared to act and increase public investment to help people through the recession. The only party I know that refuses to do that is the Conservative party of Britain.

Q6. [271549] **Mr. David Gauke** (South-West Hertfordshire) (Con): At the last general election, the Labour party promised that it would have a referendum on the European constitution and that it would not raise the higher rate of income tax. Given that the Prime Minister is now going to break both those promises, why should the British people ever believe a word he says again?

The Prime Minister: On the first question of the European referendum, in the German summit to discuss the constitution-that-was, it was decided that the constitutional concept should be abandoned. That was the issue before us. If I may say so, the shadow Business Secretary, the right hon. and learned Member for Rushcliffe (Mr. Clarke), who is not here today, accepted our view that the referendum was not necessary as a result of the changes that have taken place, and he said—this man is a Front Bencher—that the people who put forward the idea of a referendum were crackpot and daft.

As for tax, the Conservatives have to make their own decisions, but I believe that at a time when the nation faces difficulties, it is right that the people who have benefited so much as a result of their increase in income over the past few years should pay a little more as a contribution to helping this country through. That money will help people to get jobs, help young people to get training, help to build a low-carbon economy, and help

to build our public services. I believe that the majority of people in this country will think that that is the right decision to make for the future of Britain.

Q8. [271551] **Mr. David Clelland** (Tyne Bridge) (Lab): In all the complex issues that the Government have to deal with, all the international discussions that have gone on over the past few months, and all the important questions that have to be addressed, is there a single question of any significance whatsoever to which the answer is the Conservative party?

The Prime Minister: No, there is no economic problem we face to which the answer is the Conservative Leader of the Opposition.

Mr. Speaker: Statement, the Prime Minister— */Interruption./* Order.

Afghanistan and Pakistan

12.32 pm

The Prime Minister (Mr. Gordon Brown): With permission, Mr. Speaker, following my visits to Pakistan and Afghanistan earlier this week, I should like to make a statement on the Government's strategy for both Afghanistan and Pakistan.

First, I am sure that the whole House will join me in paying tribute to all those serving in our armed forces, and remember with gratitude those who have given their lives in the service of our country. As I saw again on Monday, our armed forces are facing enormous challenges with great skill, determination and courage. They are the best in the world, and we are immensely proud of them.

Our counter-terrorist strategy, published last month, set out how we are working to tackle terrorism around the globe, but one priority—indeed, the greatest international priority—is the border areas of Afghanistan and Pakistan. They are the crucible for global terrorism, the breeding ground for international terrorists, and the source of a chain of terror that links the mountains of Afghanistan and Pakistan to the streets of Britain.

Pakistan and Afghanistan are of course different countries at different stages of development, but as the document we are publishing today emphasises, together they face this shared challenge of terrorism. In Afghanistan, the Afghan Taliban are using mines and suicide bombs to carry out attacks on our troops and on innocent civilians. In Pakistan, the army and security services are now dealing with the wider territorial ambitions made clear by the Pakistan Taliban. Last year alone in Pakistan itself, 2,000 civilians and security personnel were killed in terrorist attacks. Suicide bombs in Pakistan, once relatively rare, were used 60 times last year and are at the same level this year—an almost tenfold rise in over two years.

We know that terrorist leaders are orchestrating attacks around the world from the border areas in Pakistan and Afghanistan, and we know also of the stronger connections that now exist between the Afghan and Pakistan Taliban, and between them and al-Qaeda and other terrorist groups. That requires us to take further, more determined and concerted action.

In our December 2007 strategy, we made the right long-term decisions for Afghanistan, decisions that were reinforced in the conclusions of the United States' review last month. Now, following our own review to identify what is working and where we need to go further, I want to set out an updated strategy for our actions in both Afghanistan and Pakistan, and how we will mobilise our resources to take those actions. In both countries we are working with the elected Governments, including through our commitments to support their economic development and through combined development and stabilisation expenditure of £255 million, £256 million and £339 million—a total of almost £1 billion over three years. In both countries our involvement is focused on the tasks that are necessary to enable them to counter the terrorist threat themselves.

For Afghanistan, our strategy is to ensure that the country is strong enough as a democracy to withstand and overcome the terrorist threat, and strengthening Afghan control and resilience will require us to intensify our work in the following key areas. First, we will build up the Afghan police and army and the rule of law, and we should now adopt the stated goal of enabling district by district, province by province handover to Afghan control. Secondly, we want to strengthen Afghan democracy at all levels, including by ensuring credible and inclusive elections and improving security through that period. Thirdly, we want to help strengthen local government in Afghanistan, not least the traditional Afghan structures such as the local shuras. Fourthly, we want to give people in Afghanistan a stake in their future, promoting economic development as the best way of helping the Afghan people to achieve not just stability but prosperity.

In Pakistan, our strategy to tackle the same underlying problem of terrorism results in different proposals. First, we want to work with the elected Government and the army, but while Afghanistan's forces are at an early stage and so international forces have to play a front-line role, by contrast Pakistan has a large and well funded army, and we want to work with it to help it counter terrorism by taking more control of the border areas. Secondly, not least through support for education and development, we want to prevent young people from falling under the sway of violent and extremist ideologies.

Let me address the proposals in turn. As I said to the House in December 2007, success in strengthening Afghanistan to withstand terrorism will ultimately depend on building the Afghans' capacity to take control of their own security, so we want to work to build up the Afghan army from its current strength of 80,000 to a total of 134,000 by late 2011. I believe that we will need even greater numbers than that for the future. Already 300 of our forces in Helmand are dedicated to training them. Nationally, we are leading the training of non-commissioned officers and have trained over 18,000, and together with France we have also trained over 1,000 army officers. As many Members know, Afghan army brigades have fought bravely alongside our troops, as we saw in a major operation to drive insurgents out of Nad Ali earlier this year, and 90 per cent. of the Afghan public see their army as an honest and fair institution.

However, the same is not yet true of the police, and that must be achieved if Afghans are to spread the rule of law throughout their country. We have 120 civilian and military advisers working with the police, and I can tell the House that, as resources are freed from the south as the US moves in, we will over time shift the balance of our operations away from front-line combat and towards an enhanced contribution to training both the army in Afghanistan and its police.

At its 60th anniversary summit last month, the NATO alliance unanimously agreed that supporting the Afghans to build a stronger democratic Afghanistan was its highest priority. Afghanistan is about to hold its second presidential election. A safe, credible and inclusive election is essential. We are providing £15 million for election support, and President Karzai has given me further personal assurances about his determination to ensure credible, inclusive elections. I also reiterated to him the concerns that we and the whole world have about the Shi'a family law, and I welcome his decision to review that draft Bill. I urged him to step up his Government's efforts to tackle the corruption that has discouraged Afghans from backing democracy against the Taliban,

[The Prime Minister]

and I made it clear that we will support the Afghan Government as they take forward the process of reconciliation.

Our aim is to divide, isolate and then remove the insurgents and offer those prepared to renounce violence and accept the Afghan constitution the prospect of work and security. However, those who refuse must prepare for a long and difficult battle, in which there can be only one winner: democracy and a strong Afghan state.

Just as the Afghans need to take control of their own security, they also need to build legitimate governance. We will strengthen our efforts on localisation, civilianisation and the promotion of economic development so that Afghan people have a stake in their future. Our local joint civilian and military teams are supporting the Afghan social outreach programme in Helmand. In key districts, we are helping district governors reach out to the traditional tribal system through shuras, which, as I saw on Monday, are now empowering local solutions to local problems. To support that, we have doubled the number of deployed civilian experts. We are encouraging other countries to follow that example and urging the United Nations to play a greater role in co-ordinating the civilian effort. Last month, the Secretary of State for International Development announced an additional £50 million for development assistance. Today he is publishing his Afghanistan country plan.

Britain remains Afghanistan's third biggest donor, with more than £500 million committed over the next four years. In Helmand, that allows us to support the building of a road to Lashkar Gah and the refurbishment of the hydropower dam, from which up to 200,000 people will benefit through irrigation. We are also investing £30 million over four years to work with the Government on a new programme of agricultural support, which includes the wheat-seed programme in Helmand as a viable alternative to poppy and, nationally, improved access to credit so that more Afghans can invest in farming.

Following my visit last December, the Defence Secretary and I approved a temporary increase—until August—in the number of British troops deployed to Afghanistan, from just over 8,000 to around 8,300. Now, to strengthen security throughout the election period, I have authorised a further increase to 9,000 until the autumn. To ensure that our forces are properly protected, especially from the growing threat of mines and roadside bombs, we will deploy permanent additional units for that purpose. Some are in the process of deploying now, with others joining them soon. After the election and through the autumn, we plan to return our troop numbers to 8,300. As always, we will keep the position under review, based on the situation on the ground.

I am determined that Britain will fulfil its international commitments. I believe that, with a deployment of more than 8,000 troops, concentrated in the Taliban heartland of the south, and with the additional costs of the reserve—which increased from £700 million in 2006 to £1.5 billion in 2007-08, then to £2.6 billion in 2008-09, with last week's Budget estimating £3 billion for 2009-10—we are shouldering our share of the burden in Afghanistan. As more NATO troops deploy to the south, we will be able to share that burden more fairly. At the NATO summit this year, allies offered around 5,000 more troops in addition to the extra 21,000 combat and training troops that the United States plans to deploy, many of whom are destined for the south. I also welcome the additional Australian deployment announced this morning—an extra 450 personnel, bringing the total of Australian troops to around 1,550.

We will continue to place the highest priority on the safety of our forces, providing the necessary funding, with more than £1 billion in urgent operational requirements for vehicles in the past three years, including Mastiff patrol vehicles, which are among the best protected in the world. We have increased helicopter numbers and flying hours by 60 per cent. in the past two years.

It has become increasingly clear in the past year just how crucial Pakistan and its border areas with Afghanistan have become to stability in Afghanistan and to our national security at home. Those border areas are used by violent extremists as a base for launching attacks against coalition forces in Afghanistan. As President Obama said, al-Qaeda and its extremist allies are a cancer that risks killing Pakistan from within. Although the problems in Afghanistan and Pakistan are different and require distinct approaches, we can no longer consider the terrorist threats arising in the two countries in isolation from each other.

While in Pakistan I met President Zardari, Prime Minister Gilani and former Prime Minister Sharif and we discussed stronger action against terrorism and violent extremism. We are agreeing clear shared principles for our bilateral relationship: that terrorism and violent extremists present the most significant threat to both Britain and Pakistan; and that, throughout Pakistan and especially in the border areas, there must be long-term good governance and economic development to underpin progress on security.

To deliver on those principles we agreed an enhanced strategic dialogue to bring together our senior diplomatic, military and intelligence teams on a more regular basis. We will support that closer co-operation immediately, through a £10 million programme of counter-terrorism capacity-building, working with Pakistan's police and security services. As Pakistan steps up the fight on terrorism, so we will focus greater attention on the basic human challenges that Pakistan still faces in education, health and respect for human rights, in each of which failure serves only to fuel radicalisation.

Britain's development programme in Pakistan will become our second largest worldwide. We will provide £665 million in assistance over the next four years, but we will refocus much of our aid, including more than £125 million of education spending, on the border areas of Pakistan. We are working for the establishment of a World Bank trust fund for development in those border areas and we will press other countries to increase their contribution. With UK support, the recent Friends of Pakistan meeting and the donor conference in Tokyo have already delivered pledges of $5 billion over the next two years. Next month President Zardari will visit the UK. We will take forward our shared efforts to tackle terrorism. We will support economic development and harness the international community's assistance for Pakistan, but we will also continue our discussions to agree a concordat to strengthen our practical co-operation to meet all the terrorist challenges.

Forty countries and more have shown the international community's long-term commitment to Afghanistan. In December 2007 we led the way with our proposals to complement the brave action of our troops by building up the Afghan army and police and local government to give Afghans more control over their own affairs. Tackling terrorism in and from the borders of Afghanistan and Pakistan drives forward our new set of proposals today. We will complement the necessary military action with economic, social and political progress aimed at building stronger and more effective democracies and strengthening the ability of the Afghan and Pakistan authorities to take greater responsibility for action against terrorism, building the strength in Afghanistan and Pakistan upon which their security and our security here in Britain ultimately depend. I commend this statement to the House.

Mr. David Cameron (Witney) (Con): I thank the Prime Minister for giving his statement today, although for a minute it was quite a close-run thing.

There are many things in the statement that we agree with. Above all, we can agree that the professionalism, dedication and courage of our armed forces personnel in Afghanistan are incredibly impressive. I have been three times in the past three years, and whether one is up the Helmand valley at Sangin, in Lashkar Gah or back at base in Camp Bastion, they are people of whom we can be incredibly proud. They have that can-do attitude, but we must always be careful as politicians not to take too much advantage of the fact that the Army and our armed services are always there and ready to serve.

I want to ask the Prime Minister about three areas: first, our overall strategy in Afghanistan and Pakistan; secondly, the situation in Afghanistan, particularly with respect to the elections; and finally, the deteriorating situation in Pakistan. Last month President Obama set out a new US strategy, which he summed up in a single sentence:

"to disrupt, dismantle, and defeat al-Qaeda in Afghanistan and Pakistan, and to prevent their return to either country in the future."

Is it not essential that our strategy is as tightly defined, as hard-headed and as realistic as that? We are not in the business of trying to create a new Switzerland in the Hindu Kush; we want to help provide security and deny al-Qaeda those training bases. President Obama also stressed that the Americans would not just press on blindly with their strategy, but would regularly assess whether they were making real progress against clear benchmarks and would hold themselves accountable. Given that we have been in Afghanistan for almost eight years now, what plans does the Prime Minister have to do the same here in Britain?

Next, on preparations for the August elections and the planned increase in troop numbers, we have said that we would be ready to support an increase for the elections, as long as it was clearly justified and backed up by extra equipment, such as helicopters and adequate force protection. In his statement, the Prime Minister gave some figures for the helicopter hours and capacity up to now; can he give us the future figures that will accompany the increase in troops for the election?

The Prime Minister talked about our NATO allies sharing a fairer burden in Afghanistan, as was announced at the recent NATO summit. Can he tell us when this commitment will be delivered, and how many of the extra troops will be based in southern Afghanistan? I believe that he said in his statement that many of them would be in south Afghanistan; can he tell us how many?

The US has announced a substantial troop reinforcement of 21,000 troops, including another 8,000 for Helmand province. Will the Prime Minister tell the House—in some detail, if possible—how the US forces will fit into the command chain in Helmand and Regional Command (South), and what implications their arrival will have for the combined British effort in Helmand?

No Afghan really likes the presence of foreign soldiers on Afghan soil, and the sooner we can safely reduce that number, the better. So it is right that we press ahead with the Afghanisation of the effort to bring security to that country. The Prime Minister is absolutely right to say that the Afghan national police have been seen as the weakest link in the security chain. Does he really believe that progress is now being made? The stories that we hear when we are there are pretty horrific. Progress is clearly much better in the army, but it is still reported that there is serious under-representation of Pashtuns in the army. Will the Prime Minister tell us what is being done about that?

It will clearly be difficult for the elections to be free and fair. Will the Prime Minister tell us what progress has been made on electoral registration and whether the Government expect that it will be possible for proper independent monitoring of the elections to take place?

Next, what happens in Pakistan is clearly as important for our security as what happens in Afghanistan, so for the purposes of our strategy we should treat them as one. The plotters of 9/11, the killers of Benazir Bhutto, the men who bombed London, and many others involved in many plots against our country either came from or were trained in western Pakistan, in the federally administered tribal areas extending all the way down to Baluchistan. That is where al-Qaeda remains active.

Pakistan, as we all know, has an enormous standing army, but it is configured for a conventional battle against a perceived external threat. It is not designed to deal with the sort of existential threat that Pakistan now faces from within. The Prime Minister talked about providing the assistance that Pakistan needs to train and equip its forces to deal with that threat. Did he meet the heads of the army on this visit? As things stand, what is his assessment of the Pakistan armed forces' ability to come to grips with the Taliban's continuing advance towards Islamabad? Are reports accurate that the Taliban are setting up militant training camps in the areas that they currently occupy, such as the Swat valley, and that many young people are joining those camps?

Will the Prime Minister also comment on what is being done to disrupt the activities of the Quetta shura, which, by all accounts, exerts a malign and controlling influence on both sides of the border? Can he comment on specific reports that the Quetta shura holds meetings around Pakistan, including a recent one in Karachi?

We all welcome the increase in UK aid that the Prime Minister has announced. Will he tell us how that aid will be linked to Pakistan's performance in fighting terrorism? In particular, what help will the Government offer Pakistan to deal with extremist propaganda?

[Mr. David Cameron]

Ambassador Holbrooke, who was in Britain recently, has drawn attention to the scores of low-wattage radio stations operating in the Swat valley. Apparently, night after night, they broadcast lists of people who are going to be executed. What are we doing to help the Pakistanis to jam those radio stations?

Terrorism and extremism must be confronted, but we must do that by working with the Government of Pakistan, and by drawing on our long history and knowledge of that country to help them to deal with the mortal threat that they now face. Does that not require patient, steady work to build up relationships and close ties with Pakistan? Is that not the vital role for Britain, now and in the future?

The Prime Minister: I am grateful for that level of agreement about what the strategy has to be, now and in the future, and I am grateful that the right hon. Gentleman agrees with me that the focus has to be greater than ever on the border areas between Afghanistan and Pakistan, from where so much terrorist activity happens. We all have a shared interest: Afghanistan, Pakistan and Britain. Two thirds of the attacks or plots in Britain come from Pakistan, and 2,000 Pakistanis died last year and as many are dying this year as a result of terrorist plots. We know that the Taliban in Afghanistan have been active in killing not just British soldiers but civilians who refuse to abide by their wishes.

In answer to the right hon. Gentleman's specific questions, yes, it is right to focus the Pakistan army and security services on the border areas. It is true that the federally administered tribal areas and the North West Frontier have never been fully brought under control by a democratic Government in Pakistan. It is also true, however, that there are 120,000 troops from Pakistan on the Afghan border, although of course the major effort has been reserved for protecting the border with India. We are working with the Pakistani army, so that it can be trained in counter-terrorism capability. Sir Jock Stirrup, the Chief of the Defence Staff, was with me in Pakistan and met General Kiani, the head of the Pakistani forces. There is ever closer co-operation between our two countries on these issues, and we have put £10 million immediately into counter-terrorism support in Pakistan. At the same time, we want to see regular conferences at diplomatic, military and political levels to look at the problems that we face.

It is true that there are well publicised incidents in Pakistan of the Pakistan Taliban gaining more control, but it is also true that there have been huge operations by the Pakistan army—two days ago, yesterday and, I believe, today—to take on the Taliban. The army has been very active in trying to deal with this issue. There was of course a motion passed in the Pakistan Assembly that allowed sharia law in a particular place, but I believe that the parliamentarians are now reconsidering that decision.

On Afghanistan, it is right to say that police training has been slow. It is therefore essential that we do more. There is a big NATO effort—the Germans were in the lead—and it is important, as we discuss these things with the Americans and our European partners, that the emphasis is on training the Afghan army and police. The Afghan army is to rise to 134,000. My own view, and that of the Defence Secretary, is that that will still be too small a number, given the terrain in Afghanistan, and that we will probably have to train far more Afghan soldiers. That is why a lot of our resources will be devoted to training.

We are reconfiguring our troops in Afghanistan for one very precise reason: the tactics of the Taliban have become those of guerrilla warfare. The use of roadside devices and improvised explosive devices has become common, and we have to prepare and arm our troops to deal with that problem and reconfigure our numbers in those areas where there has been significant trouble. When I was in Lashkar Gah, an operation was going on not so far away, and the bravery and dedication of our troops in clearing the areas so that they can sustain communities that are free from the Taliban was very impressive indeed.

The Leader of the Opposition raised the question of development expenditure. He is absolutely right to say that we are trying to combine the measures, militarily and politically, that will help to strengthen the Afghan state and Pakistani democracy, while, as they take on the terrorists, providing support for development so that people can see that they have a stake in the future. In the northern part of Pakistan, we are offering a very substantial redirection of aid, enabling 300,000 children—girls—to go to school, and the provision of books that will teach people the history of Pakistan and not the teaching of the madrassahs. That additional expenditure on education goes side by side with what we are trying to do to restore and gain democratic footholds in those areas.

In Afghanistan, the key areas are not just education and health. There are 6.5 million children at school, and we have been building health centres, but there is also new development on roads, the building of dams and irrigation in agriculture. The agricultural seed programme is very successful. I talked to Governor Mangal in Helmand, and he believes that all those things are moving forward. Our strategy is therefore exactly the same as the American strategy announced a month or two ago. In December 2007, we set down the idea of Afghanisation as the way forward, and our strategy now is to back up democratically elected Governments and to ensure that the elections are fair—£15 million has been put into election organisation. Incidentally, electoral registration has been going very well. There could be two rounds in the election and there must be proper monitors. We have to bring in people from outside to perform that role, but on this occasion there must be Afghan monitors as well.

Our strategy is to combine support for the developing institutions of Afghanistan and of Pakistan with development aid, so that people know that they have an economic and social stake in the future. I believe that that is the right strategy not just for Afghanistan and Pakistan, but for Britain.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I thank the Prime Minister for his statement and very much welcome his decision to visit those two countries and increasingly to deal with them together—that has to be right—just as I warmly welcome the move from the Obama Administration in Washington to engage with neighbouring powers such as Iran, Russia and China on the region's stability.

I join the Prime Minister and others in commending the extraordinary work of our troops in Afghanistan. They really do an outstanding job in exceptionally difficult circumstances, but it is clear that public support here at home for the conflict is under strain. We support the decision to send more troops to Helmand to get the job done. Given the overstretch of our armed forces, I understand why we are sending only a small number, but does he agree that the worst of all worlds would be to send reinforcements without committing enough resources to do the job properly? Our brave servicemen and women need to be able to improve security—not just hold the line against the Taliban—if we are to be able to bring this deployment to an end.

When President Obama launched his new strategy on Afghanistan a few weeks ago, he talked about an "exit strategy", though understandably for the moment with no timetable. Will the Prime Minister tell me about the preparations and criteria for the NATO and British exit strategy in his approach? Does he agree that long-term stability will be achieved in Afghanistan only if we can secure the country's economic and social development, and deliver a major increase in the size and quality of the Afghan security forces, especially the police? He has spoken a great deal about that already.

Will the Prime Minister confirm that because, I imagine, no Afghan Government for the foreseeable future will be able to afford adequate security forces, the international community will have to commit to long-term funding support? If so, what will Britain's long-term funding contribution be?

It is clear—it seems to me, at least—that the international community may find itself committed to Afghanistan for many years. So, to ensure that our forces have the right resources for that and other deployments in the future, will the Prime Minister agree to a full strategic defence review to ensure that we plan for the needs of peacekeeping and asymmetric warfare, not cold war era state-to-state conflict?

Moving on to Pakistan, there are serious concerns about that country's stability, not least because it is a nuclear-armed state. Its future is obviously of immense concern to us all. Will the Prime Minister tell us what progress was made in ensuring that those weapons, whose very existence is a huge risk in this tinderbox region, are kept in safe hands?

Britain has a unique role to play, given our historical relationship with Pakistan and the large Pakistani community here in Britain, so does the Prime Minister accept that his rather clunking remarks at the height of a counter-terrorism operation that did not even lead to any charges being brought were the perfect example of how to raise anxieties both within Pakistan and in communities in Britain?

The Prime Minister: I am sorry to start on a discordant note, but the duty of the Government is to protect the citizens of our country, and we have to take what action we think is necessary—based on decisions made by the police and, in cases, the judiciary—to protect the security of the citizens of our country. That is exactly what we did and exactly what we will continue to do.

On the right hon. Gentleman's points about Pakistan and Afghanistan, we are raising the number of troops during the election period to 9,000 to ensure that the elections can proceed without intimidation and without violence, following the registration of the voters. I am confident—because of that increased number and because 10 other countries have committed to provide additional troops during this period to the tune of 5,000, as well as the additional representation of American forces—that we will see an election that I hope will be free and fair. It will need Afghan monitors as well as outside monitors for the terrain to be fully covered, but I hope that we have taken the measures necessary for that.

On the longer-term strategy for Afghanistan, I repeat that our aim is that Afghan people themselves can take more control over their own affairs, so I see a process where, province by province, as has happened in Kabul, Afghan control can be established in the different areas of the country, obviously starting with the north. Parts of the Helmand area could, over time, be passed over to local control. For that, we need greater Afghan army numbers and greater professionalism on behalf of the Afghan police. We also need to support the local shuras and local government in the tasks that they carry out, and that is what we intend to do.

America is bringing troops into the south because that is the area of greatest difficulty. To answer a point that the Leader of the Opposition made that I did not answer earlier, everybody will be working under the ISAF arrangements, including the Americans in the south.

On Pakistan, I agree with the right hon. Member for Sheffield, Hallam (Mr. Clegg) that there is a need to tackle terrorism at all levels. We will continue to do that.

Three years ago, we spent about £700 million on Afghanistan. That is rising to £3 billion next year. That enormous cost is being met by the British taxpayer to ensure security in Afghanistan, and of course in the border areas, to prevent terrorism in Britain and to strengthen the Afghan democracy. We want others to join us in sharing that burden in Afghanistan.

On defence strategy as a whole, I think the right hon. Gentleman will agree, looking at the documentation over these last 10 years and more, that we have been consistently reviewing our strategy since the end of the cold war. Nobody could have expected some of the events, particularly those after September 2001, that have affected our country and many others. We must have a defence strategy that is not only consistent but able to respond to whatever events happen round the world.

Des Browne (Kilmarnock and Loudoun) (Lab): First, may I offer my personal condolences to the family, friends and comrades of the soldier in the 1st Battalion, the Welsh Guards, who gave his life this week in Afghanistan?

My admiration for our troops on the ground in Afghanistan, and for the civilians who support them, knows no bounds. Over the time in which I had the privilege of visiting them regularly, I became very concerned as to whether the vocabulary that I had at my disposal was adequate to express my admiration for them. We tend to repeat the same phrases all the time, but those are the only words we have. We have enormous admiration for our troops, and it grows every time we see them.

I thank my right hon. Friend the Prime Minister for his statement and welcome the publication of a revised strategy. It shows confidence to revisit and revise the

[Des Browne]

strategy, as that suggests that we are reflecting and are on the right lines. My experience in this area suggests to me that almost every other country in this alliance will probably do the same thing now that we have done it. In the past, we have tended to have given them permission to put such thoughts in writing and to develop a strategy because we have done so.

Over the coming weeks, a proliferation of tests will be applied to the strategy to see whether it is correct, but the only test that matters is whether it goes with the grain of the communities that we are trying to serve in Helmand province and beyond, in the Afghan-Pakistan area. That is why the fact that the Prime Minister—

Mr. Speaker: Order. Please have a seat. May I say to the right hon. Gentleman that I do not wish to be cruel, but he is now on the Back Benches and the difficulty is that there must be only one supplementary? This is not an opportunity for a speech. Out of respect, will he please finish? He will know next time.

Des Browne: Thank you, Mr. Speaker; I apologise.

At the shura that my right hon. Friend the Prime Minister attended, what did the tribal leaders tell him that the people they represent want? Did their requests fit with the grain of the strategy?

The Prime Minister: I am grateful to my friend, who served with great distinction at the Ministry of Defence. There is great respect for him right across the Chamber of the House.

I visited one of the shuras in Helmand, at Lashkar Gah, and the message I got was very simple: people want security, and they want it to be guaranteed by our presence, a stronger Afghan army and a stronger Afghan police force. They want that security to be the basis on which they can build prosperity for their families, making use of the agricultural land in that area while at the same time getting education and health care for their families.

It is very clear that we are responding to the wishes of the Afghan people. That is why it is so important that we unite in our strategy of dividing, defeating and, eventually, decommissioning the terrorist forces that operate there.

Sir Peter Tapsell (Louth and Horncastle) (Con): Bearing in mind that there are probably more potential international terrorists in Britain than in the Tora Bora mountains, may I nevertheless congratulate the Prime Minister, no doubt under the influence of the new American Administration, on at last moving away from the political and strategic follies of the last seven years, and on making a much more realistic assessment—that the war in Afghanistan cannot be won by foreign military forces, that the existence of foreign forces in Afghanistan radicalises Pakistan, and that Pakistan is a far greater problem because it is a nuclear power and a vastly bigger country with a vastly bigger population? May I give my advice, which is that we should give every encouragement to the Pakistan army to resume political control of that almost ungovernable country before there is an international nuclear catastrophe?

The Prime Minister: Pakistan has been under military rule for half its existence, and people, including the army, want to see a democratic Pakistan taking control of its own affairs and being able to deal with the terrorist problems in its midst. On reflection, I hope that the hon. Gentleman will agree that that is the right course, not only now but for the future. Of course we must take action against the terrorists in Afghanistan and Pakistan, but that is exactly what we are doing. We are working closely with not only the American Government but 40 other partners in NATO to do so.

Jeremy Corbyn (Islington, North) (Lab): In six months' time, British troops will have been in Afghanistan for almost eight years. Now the numbers are going up to 9,000 and the conflict is spreading over into Pakistan. Is it not just a matter of time before the conflict spreads over for real into Pakistan, and British troops are also deployed there? Is it not time for a complete rethink of the whole strategy, which is beginning to look awfully like that which sucked the Americans deeper and deeper into Vietnam and ended up with a humiliating retreat 15 years later?

The Prime Minister: In the seven years that we have been in Afghanistan, a democracy has been established for the first time, the Taliban have been removed from power and 6 million children are going to school, a third of those children are girls who never got the chance of education before. We are building health care centres with the Afghan people, and we are now trying to build up an Afghan democracy, which has a strong army and police force to protect itself against terrorism. I agree with my hon. Friend that the border areas of Pakistan and Afghanistan are the source of many of the terrorist problems faced not only by that region but around the world. The way to deal with that is to work with the Afghan people and the Pakistan people to defeat that terrorist threat.

Malcolm Bruce (Gordon) (LD): I welcome the decision that recognises the simple fact that the border between Afghanistan and Pakistan effectively does not exist and is completely porous. But will the Prime Minister also acknowledge that additional aid to the two countries will first go towards poverty reduction, which will be its prime purpose, and that the rights of women and human rights will be respected by the Governments of both Pakistan and Afghanistan? Given President Karzai's statement that the last leader who stood up for the rights of women was the king in 1929, who was assassinated, and that he did not want to follow his example, that is not leadership that we should respect. We should require him to understand what that international support is for.

The Prime Minister: I am grateful to the right hon. Gentleman, who has been involved in international development for many years, for sharing his knowledge with the House. The Shi'a family law is completely unacceptable and we have made it clear to President Karzai that in our view it is a breach of the Afghan constitution, which respects human rights. Yesterday, at the press conference we held, he said that he accepted that anything that breached the constitution and undermined the fundamental rights of people in his country could not be an acceptable law for the future. We will continue to press him on that issue.

The right hon. Gentleman is also right that the focus of our development spending is on providing opportunities that help people out of poverty, and that includes the increased spending on education in Pakistan. According to our knowledge, it is correct that people can get free education, board and lodging at madrassahs, but must then submit to an extremist ideology as part of that education. If we can increase the number of schools in Pakistan, and particularly the opportunities for girls to get education, that will make a huge difference in the long term to how Pakistani people see their future, free of terrorism. That is exactly what we will do.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend has rightly reminded the House that Pakistan and its people have been great victims of terrorism yet, despite that, the overwhelming majority remain wedded to democracy. In accepting that his proposals for greater economic assistance to Pakistan are important in showing that democracy has its own rewards, will he remind all our allies in Washington and elsewhere that in any military action it is necessary to work to sustain the democratic institutions of Pakistan, not undermine them?

The Prime Minister: That was well expressed by the Pakistani leaders I met yesterday, who are worried about the airspace incursions. At the same time, the Pakistani leadership wish to rid themselves of the al-Qaeda elements that operate in their country, and know that the focus of al-Qaeda's organisation and bases has moved from Afghanistan to Pakistan. We must find ways of working with them to deal with the terrorist threat, and we will do so.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): If, as the Prime Minister has indicated, the Afghan Taliban and the Pakistan Taliban are now working closely together and co-operating, is it not about time that the Afghan Government and the Pakistan Government showed a similar degree of co-operation? Is the Prime Minister aware that one of the major problems is that since 1948 the Afghan Government have consistently refused to recognise the frontier between their two countries as permanent? Will the Prime Minister speak to President Karzai and encourage him to recognise that frontier? Without that, many in Pakistan will continue to be ambivalent, to put it mildly, about working closely with the Afghan Government?

The Prime Minister: The right hon. and learned Gentleman is absolutely right about some of the existing problems, and I respect his knowledge. I spoke to President Karzai on Monday about those issues, and I also spoke to President Zardari about them. Afghanistan and Pakistan need to come together to consider what issues they can address in common, including agreements about the border areas. It will be difficult to get an agreement on the border line over a short period of time, but such cross-border co-operation, which has not occurred before, is possible. Six co-ordination centres exist at the moment, and we need to do more to expand co-operation between the Afghan army and the Pakistan army—police numbers are limited, but we must ensure that they co-operate in future as well. Next week, President Karzai of Afghanistan and President Zardari of Pakistan will go together to Washington for a meeting with President Bush—[HON. MEMBERS: "Obama."] Yes, I apologise—with President Obama. They will have that meeting to discuss their common issues in terms of dealing with terrorist and security problems. I assure the right hon. and learned Gentleman that we wish to have the same level of co-operation, with them both working together with us.

Alan Simpson (Nottingham, South) (Lab): I welcome the list of initiatives that the Prime Minister mentioned in relation to development, democracy and diplomacy in both Afghanistan and Pakistan. Does he accept, however, that the line that cannot be crossed would be one that saw any involvement of UK troops, either conventional or special forces, in Pakistan? Does he agree that that would inevitably lead to a civil war in Pakistan, and to wider hostility to the presence of western forces in the region as a whole? Will he assure the House that under no circumstances will UK forces be given a remit to cross that frontier?

The Prime Minister: I think that my hon. Friend is finding difficulties where they do not exist. The issue is not that but how we can support and back up both the Afghan and Pakistan army and police forces, and we will continue to do that. If we are to fight terrorism, co-operation will be necessary. As the former Foreign Secretary, the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) mentioned, Afghanistan and Pakistan must learn to work together to deal with their common problems. We can assist in that, but I believe that there is a will from Presidents Karzai and Zardari for that co-operation to happen.

Mr. James Arbuthnot (North-East Hampshire) (Con): At the end of this very good statement, and in view of the close connection between Pakistan and the United Kingdom, the instant communication between our two countries, the general instability in that region and Pakistan's possession of nuclear weapons, does the Prime Minister agree that these issues are of supreme importance to this country and that they affect us very deeply and closely? Will he make it one of the highest priorities of his Government to renew the effort to persuade the people of this country that this is our battle and that we must continue to fight alongside the people of Afghanistan and Pakistan until we win it?

The Prime Minister: I shall do so. I think it is very important for the country to be informed about the dangers that come from both the Pakistan border and the Afghan border. If we have been able to show something today, it is that the greater co-operation between the terrorist groups that operate across these borders must be dealt with by a more sophisticated and more effective strategy for the future. That is why we want to increase Afghan and Pakistan army and police work in those areas, where it has been limited in the past, and why we are also prepared to work with the Americans and others to increase the counter-terrorism capability, and its financing, of Pakistan and Afghanistan.

I agree with the right hon. Gentleman that the threat of terrorist attacks in the United Kingdom comes mainly from those areas of the world that we have been talking about today, and people should know that the chain of terror that goes from Afghanistan and Pakistan to Britain can be broken only by co-operation between all Governments over the next few years.

Hugh Bayley (City of York) (Lab): The security that ISAF provides is essential to Afghanistan's future, but ultimately democracy and human rights will not be won on the battlefield; they will be won through winning the hearts and minds of the people on both sides of the border. A new World Bank trust fund for development in the border areas will help the Government of Pakistan to win hearts and minds. The United States is the biggest donor to the region by a long margin, but, unlike the United Kingdom, it has not, in the past, put much money through the Afghan trust funds. What discussions has the Prime Minister had with President Obama about US funding for the new trust fund and for the Afghanistan trust funds? Will the United States be putting more money through the trust funds and spending less on bilateral projects?

The Prime Minister: I am grateful to my hon. Friend for his question. I know the interest that he has taken in this matter as a member of the Select Committee on International Development. The Secretary of State for International Development has just been explaining to me how the United States Agency for International Development—USAID—and the Department for International Development are working well together on those very issues. It is absolutely right that in so far as there is a co-ordination of military activity, there should also be a co-ordination of development activity—that is what we intend to see happen over the next few months.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): May I add my condolences to the family and friends of the Welsh Guardsman who was killed?

I thank the Prime Minister for an early copy of his statement. Given the pivotal role that the UK police played in the Balkans and have played in Iraq, will the Prime Minister ensure that as soon as the security situation permits it, UK police forces will play a pivotal role in training a good Afghan police service?

The Prime Minister: The hon. Gentleman is absolutely right to say that British police have helped around the world in establishing the civil order that is necessary in countries that are reconstructing themselves. I believe that over the long term we will have to have some form of organisation comprising civil people from the police, the fire brigades and the legal professions that can help rebuild countries in difficulty. In Afghanistan, the British police could work with the European and NATO force squad that is trying to strengthen police training in Afghanistan. He is right to say that we have a big role to play in helping to develop the police in that country.

Keith Vaz (Leicester, East) (Lab): In his welcome discussions on counter-terrorism with the President and the Prime Minister of Pakistan, did the Prime Minister discuss Operation Pathway? Did he take the opportunity to visit our entry clearance operation in Islamabad, where Pakistanis seeking to come to this country as students are not routinely interviewed in person—they are interviewed on the telephone? Will he pledge to give whatever resources are needed to boost our entry clearance operation?

The Prime Minister: Yes, indeed. Biometric visas now have to be obtained by students coming into this country and interviews can take place where that is judged necessary. The rate at which applications have been refused has increased very substantially, and, of course, as a result of a review, the number of colleges in Britain that are registered to accept students from abroad has been radically reduced from 4,000 to 1,500. We are doing what we can to prevent people who may be falsely claiming to be students from coming into our country. At the same time, as I said to President Zardari, Prime Minister Gilani and former Prime Minister Sharif, we welcome Pakistan's students coming to our country for the purposes of education—more than 10,000 do so. Those links are an important means to build relationships between our two countries in the future, but we must be able to act where there is suspicion of terrorist activity.

Sir Menzies Campbell (North-East Fife) (LD): Does the Prime Minister accept that the success of this strategy will depend on the co-operation and support of allies? Given that this is a NATO operation in Afghanistan, how far is the strategy that he has announced consistent with NATO's strategy? Has he discussed this with, and had it endorsed by, our NATO partners? In relation to those same partners, what steps has he taken to persuade those who have imposed caveats on the use of their armed forces in Afghanistan to withdraw those caveats so as to ensure that they make a much stronger and more effective military contribution?

The Prime Minister: This is exactly what we talked about when we had a full discussion of these matters at the NATO summit. We discussed how other countries could play their part in sharing the burden in Afghanistan. As I said earlier, 10 countries announced that they would deploy at least some more troops for the period of the election. I believe that our strategy is very much in line with the new thinking that is developing across NATO, and it is of course in line with President Obama's statement of the past few weeks. I believe that addressing the terrorist areas of Pakistan and Afghanistan together will form a bigger feature of NATO's thinking and that of others in the times to come. I agree with the right hon. and learned Gentleman that we expect other countries to share the burden too.

Several hon. Members *rose*—

Mr. Speaker: Order.

Points of Order

1.27 pm

Mr. Simon Burns (West Chelmsford) (Con): On a point of order, Mr. Speaker. I was wondering whether you could help me in defending Back Bencher rights against the office of the Prime Minister in relation to written questions. A few years ago, I tabled a parliamentary written question to the previous Prime Minister asking that he instruct Ministers, Departments and Government agencies to stop responding to MPs' constituency letters—such letters are written on House of Commons paper and have a House of Commons address, thus suggesting that the office of the MP in question is in the House of Commons—by replying to either the office of the political party of the MP in their constituency or what they assumed was the MP's office, unless the MP had specified that that was where they wanted responses to constituency casework to be taken up. The previous Prime Minister replied to my written question, saying that it was wrong for Ministers and Departments to take that approach, unless it had been specified by an individual MP.

Unfortunately, as I have found in my experience, the habit is starting again, so I tabled an identical question earlier this week to the current Prime Minister asking him if he, as head of the Government, would instruct Ministers, and their Departments and their agencies, to write to MPs at the House of Commons only, unless they had been told to do otherwise. Given that I assumed that only the Prime Minister, as head of the Government, can instruct his Ministers, I was rather disappointed to receive a letter from No. 10 in the past 40 minutes stating the following:

"The Prime Minister has asked me to inform you that he is transferring the following questions"—

about this matter—

"for...answer...to the Chancellor of the Duchy of Lancaster."

To my mind, the Chancellor of the Duchy of Lancaster, if he agrees with my hypothesis, does not have the same authority as the Prime Minister to instruct Ministers. Surely the Prime Minister should be replying to this and taking action if he agrees with me, as the previous Prime Minister did. Is there anything you can do, Mr. Speaker, to stop the transfer of the answer to this question, as that will possibly dilute the effectiveness of getting action taken to ensure that replies to MPs' correspondence are sent here, if that is where the relevant MP's office is and where they wish the reply to be sent?

Mr. Speaker: It seems that in this point of order the hon. Gentleman is comparing the previous Prime Minister with the present one. The best way of answering that is by saying that Prime Ministers are a bit like Speakers: no two work the same way. The Prime Minister is entitled, if he so wishes, to pass the legitimate question that the hon. Gentleman has tabled to one of his Ministers, and that is what he has done, just as the previous Prime Minister decided that he would answer the question himself. They both have a different way of working, and it is up to the Prime Minister.

Mr. Burns: Further to that point of order, Mr. Speaker. I seek guidance on one specific point. As the Head of Government, a Prime Minister has the power to issue a blanket instruction to Ministers to behave in a certain way. The Chancellor of the Duchy of Lancaster is not the Prime Minister, so would he have the authority to order all Ministers to do this?

Mr. Speaker: The Prime Minister has ordered the Chancellor of the Duchy of Lancaster to answer the hon. Gentleman's question, and that seems reasonable. The Prime Minister has delegated the power to one of his Ministers, as he is entitled to do. We can go no further.

Pete Wishart (Perth and North Perthshire) (SNP): On a point of order, Mr. Speaker. You can imagine my surprise this morning on finding an early-day motion titled with the name of one of my constituents and referring to his ongoing case, with which I am still dealing. It was tabled by the hon. Member for Paisley and Renfrewshire, North (Jim Sheridan). Have you not made it clear that hon. Members should stay out of the cases of other hon. Members? The hon. Gentleman did not even do me the courtesy of telling me that he intended to table this early-day motion today. Swarthick Salins won his immigration case because of the hard work of my office and the constituency campaign of the people of Perth. It had nothing to do with the hon. Gentleman or the Secretary of State for Scotland, the right hon. Member for East Renfrewshire (Mr. Murphy). Can you restate your ruling that hon. Members should stay out of the cases belonging to other hon. Members?

Mr. Speaker: Another little thing is that the Chair should not be drawn into these matters and people should use their common sense. An early-day motion can be tabled by any hon. Member, even if it relates to somewhere else or someone else's constituent. However, the courtesies suggest that hon. Members should get in touch with the other hon. Member involved. If any hon. Member wants to take on any immigration cases, I probably have more asylum seekers in my constituency than anyone else in Scotland, so I am prepared to farm out some of that work.

Prevention of Excessive Charges

Motion for leave to introduce a Bill (Standing Order No. 23)

1.33 pm

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): I beg to move,

That leave be given to bring in a Bill to prevent excessive charges or fees from being levied on consumers; and for connected purposes.

Over the last year, we have seen the effects that the irresponsibility and the excesses of the banking sector have had on families and business both here in the United Kingdom and around the world. Tens of billions of pounds of taxpayers' money has been spent on bailing out our banks in order to deliver help to mortgage holders, businesses and savers. The Bill represents a further measure that must be taken to help those most in need. It is also an opportunity for our banks to show that they have learnt lessons and to act with fairness and responsibility.

In recent years, members of the public have been forced to pay disproportionately high bank charges for modest contractual failures. For example, if a family is late in paying their mortgage they may incur an arrears fee of £60 each month. Over two years those charges can add up to almost £1,500.

In 1998, the average bank charge for customers was £12. By 2006, it had jumped to more than £67—with a £39 charge per declined item, a £28 monthly fee and 30 per cent. unauthorised overdraft interest—which is a 558 per cent. increase in eight years. Bank charges are imposed not just for exceeding an agreed overdraft by a few pounds, but for the act of merely attempting to do so. Typically, they penalise people when they are at their most vulnerable in life and bear no relation to the sums involved.

For example, a constituent's wages fell because of illness and she was unable to pay four direct debits one week. Her bank imposed default charges of £184, while her creditors imposed individual "failed direct debit" charges of £25, totalling £100. None of her bills has been paid, yet a staggering £284 of charges was imposed—the equivalent of four weeks' statutory sick pay. The imposition of these excessive charges is forcing hundreds of thousands of individuals into a spiralling cycle of debt and poverty.

We protect individuals against unfair business practices by regulating consumer contracts. The regulations on unfair terms in consumer contracts provide protection for consumers against excessive charges. They allow the court to declare charges as unenforceable if a contractual term requires a consumer to pay a disproportionately high sum in compensation for failing to do something.

There are two major weaknesses with the protection afforded by these regulations.

They are reactive, in that they require individuals to opt in. That means taking a court action, and even then it could take months or years to obtain protection. In the meantime, people continue to suffer from the unfair charges—in addition to which, we know that many people, particularly frail or elderly constituents, will be reluctant to take court proceedings. Why should they have to do so?

Secondly and more worryingly, powerful financial institutions appear able to evade consumer law protections. In 2006, the British Bankers Association claimed bank charges were fair because it really did cost £39 to send a computer-generated letter. That justification was dropped a year or so later when banking whistleblowers revealed that the true cost of these charges was between £1 and £2.

More recently, most UK banks have altered their terms and conditions to avoid the common law prohibitions on penalty charges, as well as arguing that default charges were truly fees for requesting an informal overdraft—an "overdraft" which would generally be automatically declined.

In July 2007, the Office of Fair Trading launched its bank charges test case, with the full co-operation of the major high street banks. While this case has progressed, the banks have continued to impose excessive charges on customers. At the same time, most customers are being prevented from seeking a refund of unfair charges pending the outcome of the test case. Clearly, this position suits the banks well, and it is hardly surprising that even though they have lost the preliminary rounds of this case before the High Court and the Court of Appeal, they are now pursuing a further appeal to the House of Lords.

While it is for the courts to decide whether the banks are right or wrong in terms of the existing law, I believe there is now an overwhelming case for providing UK consumers with better legal protection in this area. The Bill would overcome current statutory law inadequacies and would require any default charge or fee in a consumer contract to be proportionate and fair. This safeguard would provide protection for all consumers throughout the UK.

Protection would apply to any contract currently regulated by the Consumer Credit Act 1974, or any contract where one of the parties was a consumer. A consumer is defined as any "natural person" who enters into a contract

"outside his or her trade, business or profession".

Also included would be contracts for banking services regulated under the 1974 Act.

Clause 1 of my Bill would make it unlawful for a business to impose a charge, fee, or series of charges and fees for a consumer's failed or unauthorised transaction unless those charges were valued at no more than 2.5 per cent. of the transaction. That would ensure that the value of charges was always proportionate to the value of the unauthorised or failed transaction.

Returning to my example of a constituent with four bounced direct debits, if the total value of those debits was £400 the maximum overall charge would be reduced to £10 under my Bill. Whereas most companies would impose £25 for unpaid direct debit charges—resulting in an additional £100 of charges—the maximum that could be levied under my Bill would again be £10. So, the charges under my Bill would be no more than £20, which can be set against the excessive £284 that would be imposed under the current system.

I believe this proposal to be both fair and proportionate, having regard to the fact that most businesses have efficient computerised credit control systems whereby standard letters, e-mails or automated telephone calls will typically cost around £1 or less to produce and dispatch. The present system of charging is, I believe,

indefensible in terms of the effects it is having on our society, particularly on its poorest and most vulnerable members, especially in the current economic climate. The system simply pushes people into unnecessary financial hardship and exposes countless households to eviction and repossession.

I hope that hon. Members will support my Bill to protect vulnerable people from excessive and unfair charges. I am pleased to say that the Bill commands support from hon. Members from all the main political parties in this House.

Question put and agreed to.

Ordered,

That Mr. Mohammad Sarwar, Mr. Jim Devine, Mr. Jim McGovern, Willie Rennie, Mr. Tom Harris, Mr. Virendra Sharma, Mr. Ian Davidson, Lindsay Roy, Mark Fisher, Jim Sheridan, Mr. Charles Walker and Ms Dari Taylor present the Bill.

Mr. Mohammad Sarwar accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 89).

Opposition Day

[10TH ALLOTTED DAY]

Gurkha Settlement Rights

1.44 pm

Chris Huhne (Eastleigh) (LD): I beg to move,

That this House regrets the Government's recent statement outlining the eligibility criteria for Gurkhas to reside in the United Kingdom; recognises the contribution the Gurkhas have made to the safety and freedom of the United Kingdom for the past 200 years; notes that more Gurkhas have laid down their lives for the United Kingdom than are estimated to want to live here; believes that Gurkhas who retired before 1997 should be treated fairly and in the same way as those who have retired since; is concerned that the Government's new guidelines will permit only a small minority of Gurkhas and their families to settle whilst preventing the vast majority; further believes that people who are prepared to fight and die for the United Kingdom should be entitled to live in the country; and calls upon the Government to withdraw its new guidelines immediately and bring forward revised proposals that extend an equal right of residence to all Gurkhas.

I am particularly pleased to be leading in this debate since my county of Hampshire has a long and intimate association with the Gurkhas and the Gurkha museum is based in Winchester, next door to my constituency. The museum is a remarkable celebration of this remarkable brigade, and I recommend it to any Member.

The Gurkha regiments have provided extraordinary service to this country since 1815, when the first Gurkhas entered service with the East India Company, which had been impressed by their fighting prowess as opponents in the Nepal war. The company took the eminently pragmatic view that if we found it hard to beat them, we had better hire them. During the first world war, the Gurkhas fought in France, the Suez canal, Mesopotamia—that is, Iraq—and Gallipoli. During the second world war, the regiments took part in the campaigns of north Africa, Italy, Greece, Malaya and Burma.

After the war and Indian independence, the Gurkha regiments split between the Indian army and the British Army. Our British regiments saw service in the 12-year Malayan emergency, the Falklands, Kosovo, Bosnia, East Timor, Iraq and Afghanistan. The Gurkhas have a deserved reputation for effectiveness, bravery and loyalty. Given that remarkable history, it is perhaps surprising that until 2004 it was difficult if not impossible for foreign and Commonwealth members of the armed forces and Gurkhas to obtain settlement and British citizenship at the end of their service.

The view before 2004 seemed to be that Gurkha rights were governed by the tripartite agreement of 1947 between Britain, India and Nepal, which stated that a

"Gurkha soldier must be recruited as a Nepali citizen, must serve as a Nepali citizen, and must be resettled as a Nepali citizen".

We should pay tribute to the Gurkha welfare campaign and to the right hon. Member for Maidstone and The Weald (Miss Widdecombe), who I do not believe is in her place today, for raising the issue in 2003 both in parliamentary questions and in two Adjournment debates. We should also pay tribute to my right hon. Friend the Member for Ross, Skye and Lochaber (Mr. Kennedy) for pushing the issue at Prime Minister's questions.

[Chris Huhne]

In 2004, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), who was then the Home Secretary, set out changes to the immigration rules so that all those with at least four years' service in HM forces could apply for settlement in the UK after discharge. It is important that we recognise that crucial precedent. However, one key stipulation discriminated against Gurkhas compared with other foreign and Commonwealth troops, namely that they had to be discharged on or after 1 July 1997. There were some exceptions, but the fundamental rule was there.

The rationale was simply that 1997 was the point at which the Gurkha regiment moved from its base in Hong Kong to the UK, following the handover of Hong Kong to China. That was never, frankly, the dividing line that some in Government seemed to think. One has only to look at the areas in which the Gurkhas served in the last 100 years to see that they were an integral part of the British armed forces. That decision led to some ridiculous and shameful anomalies. In a famous case, the Victoria Cross holder, Honorary Lieutenant Tul Bahadur Pun, was initially refused indefinite leave to remain for having inadequate ties to the United Kingdom. Indeed, veterans of Malaya, the Falklands, the first Gulf war and long service veterans who were seriously ill were all refused entry. The standard reason given was that they had failed to demonstrate strong ties to the United Kingdom.

A landmark in the recent history of the issue was the judicial review of the Limbu case by the honourable Mr. Justice Blake on 30 September 2008. Mr. Justice Blake found that the policy regarding Gurkhas was unlawful and should urgently be revisited. He noted the apparent concerns of the Ministry of Defence concerning the attitude of the Government of Nepal, but pointed out that they were not based on evidence. Instead, Mr. Justice Blake cited the honouring of an historic debt, and quoted the military covenant as follows:

"Soldiers will be called upon to make personal sacrifices—including the ultimate sacrifice—in the service of the Nation. In putting the needs of the Nation and the Army before their own, they forego some of the rights enjoyed by those outside the Armed Forces. In return, British soldiers must always be able to expect fair treatment, to be valued and respected as individuals, and that they and their families will be sustained and rewarded by commensurate terms and conditions of service."

Mr. Justice Blake added his own comment:

"Rewarding long and distinguished service by the grant of residence in the country for which the service was performed would, in my judgment, be a vindication and an enhancement of this covenant."

I agree.

Mr. John Redwood (Wokingham) (Con): I am grateful to the hon. Gentleman, and thank him for the case that he is making. We want justice for the Gurkhas but does he agree that, rather than introducing easier immigration procedures, that just means giving priority to people who served this country well?

Chris Huhne: I am grateful to the right hon. Gentleman for making that clear and obvious point. I entirely agree with him, and I shall deal with some of the practical implications a little later in my speech.

Hugh Bayley (City of York) (Lab): The hon. Gentleman is making a powerful case, but the motion says that

"people who are prepared to fight and die for the United Kingdom should be entitled to live in the country".

Does he apply that to all foreign nationals who have served in our armed forces?

Chris Huhne: I was grateful to the hon. Gentleman for signing the early-day motion earlier this year that called for exactly what today's motion calls for, so I hope that he will join us in the Lobby later today. However, he will know that the current arrangements are that foreign and Commonwealth servicemen have the right, after four years of service, to apply for citizenship. That seems to be absolutely crucial.

Mr. Parmjit Dhanda (Gloucester) (Lab): On a point of clarification: my grandfather, in his beard and turban, fought in the Indian army's Bengal Engineers but he also fought for King and country in Burma, so would he have fallen under the proposed rules? He passed away a few years ago, but many of his colleagues are still around. Would they be entitled to come and live in this country?

Chris Huhne: I am grateful to the hon. Gentleman for making the point that some traditions in the armed services go back many generations. However, not many regiments can boast the continuous tradition that the Gurkhas have shown for nearly 200 years. That makes the Gurkhas a rather special case, but I believe that the case for the hon. Gentleman's grandfather, were he still alive, would be worthy of consideration by the Ministry of Defence. However, I suspect that any policy along those lines would be impractical, if only because the people involved would be unlikely to avail themselves of it.

Mr. Dhanda: I am grateful to the hon. Gentleman for giving way again, and assure him that I am not asking awkward questions merely for the sake of it, but because this is a complex area of policy and we need to clarify exactly what his motion proposes. Is he saying that he would widen the eligibility criteria so that they covered not just the Gurkha regiments but also, for example, the Sikh regiments that served with the British Army over the years?

Chris Huhne: No, I am not saying that. Although I believe that we ought to give serious consideration to extending the criteria to people who have served in the British Army or armed services, today's motion is specifically limited to the Gurkhas because of the long history involved. Moreover, I remind the hon. Gentleman of what I said about the history of the Gurkha regiments. Some of those who served in the Gurkhas and who went into the Indian army regiments after independence would not necessarily benefit from our proposal—although, frankly, the age of the people involved means that the question is no longer of practical relevance. However, if Ministers are able to find any members of the Brigade of Gurkhas who went into the Indian army after independence and who are still alive, I would be delighted.

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): The hon. Gentleman is talking complete nonsense. There are people who fought for Britain in

the second world war who transferred into the Indian army. My hon. Friend the Member for Gloucester (Mr. Dhanda) asks a very good question: is the hon. Gentleman suggesting that they should be included as well? He says that not many of them are still alive, but I met some of them when I was in Nepal three weeks ago.

Chris Huhne: The Minister makes a nitpicking point about a handful of people, but the key issue that he needs to address concerns those Gurkhas who went into the British armed services after Indian independence. They pose a practical problem, and that is what we are concerned about. The Minister is talking about people aged over 80 whose numbers can be counted on the fingers of one hand. If he wants us to believe that they represent a serious impediment to the House passing the motion before us this afternoon, all I can say is that he is living in a fantasy land.

Paul Holmes (Chesterfield) (LD): My hon. Friend has referred to Mr. Justice Blake, who made exactly that point in his judgment. He said that any member of the Indian army was entitled to apply for British citizenship from 1947 until at least 1962, when visa restrictions were introduced. All the people about whom we are talking would be 80 years old or more, but they all had the opportunity to apply for British citizenship—an opportunity that is being totally denied to the Gurkhas because they are from Nepal. Does my hon. Friend agree that, as Mr. Justice Blake pointed out in his judgment, the situations of the two groups are therefore utterly different?

Chris Huhne: I am very grateful to my hon. Friend for making that point and for reminding us of the other terms of Mr. Justice Blake's judgment.

Bob Spink (Castle Point) (Ind): Will the hon. Gentleman give way?

Mr. Frank Field (Birkenhead) (Lab): Will the hon. Gentleman give way?

Chris Huhne: No, as I want to make some progress.

Last week's Government response was to announce new criteria for the settlement of discharged Gurkhas. They must now have at least three years' continuous lawful residence in the UK during or after service, and close family ties in the UK. They must also have at least a level 1 to 3 award for gallantry, leadership or bravery, 20 or more years of service, or a chronic or long-[illegible] medical condition. There were some other exc[illegible] for Gurkhas who did not fulfil those criteria, but many hon. Members want to speak so I will not go into them.

However, to make the point that I want to make, I shall deal with just one example from the list of criteria that I have set out. The 20-year rule seems to me to be a key discriminator, as so many Gurkhas—and especially private soldiers and riflemen—serve just 15 years. Only officers would have achieved 20 years of service—something that some Labour Member might find surprising, given what I am sure is their desire to treat officers and men equally. That criterion is five times as long as the period for which a foreign and Commonwealth soldier must serve to be granted settlement in the UK.

What does this new package mean in practical terms? The Government say that 4,000 ex-Gurkhas and 6,000 spouses and children will be able to enter—in other words, a total of 10,000 people. Lawyers acting for the campaign say that, to their knowledge, the total would be more like 100. What if we were to extend the pre-1997 rights on a equal footing with those after 1997? The Minister is on record as saying that 100,000 people could enter.

Who should we believe? When I was an economic journalist, I was always very suspicious of well rounded numbers, and hon. Members may note that the Minister's estimate of our proposed policy is precisely 10 times as big as his estimate of his own policy—which, in turn, is a nice round 10,000. Let no one accuse the Home Office of failing to decimalise.

However, we see the same cavalier attitude to figures when we look at costs. The Minister has spoken in various interviews about a potential extra cost of £1.5 billion, but during today's Prime Minister's questions the Prime Minister put that at £1.4 billion. The Government cannot even get their own story straight to within the nearest £100 million.

Mr. David Heath (Somerton and Frome) (LD): I am most grateful to my hon. Friend for giving way, and he is making a very powerful case. Does not that illustrate that the Government are prepared to use any spurious statistical argument to avoid what I believe the British people consider to be our debt of honour to the Gurkhas? Should we not fulfil that debt of honour, and is not that what this debate is about?

Chris Huhne: My hon. Friend makes the point that all reasonable people make when they consider the issue, including Mr. Justice Blake, who made the point in precisely those terms.

Andrew Mackinlay (Thurrock) (Lab): I rejoice that in my constituency I have more than 400 Gurkha families. They enrich the borough educationally and in public life, and they also work, earn money and pay taxes. Gurkhas would be of enormous benefit to the United Kingdom, as they are to my constituency. The thing that really upsets me about the Government Front Benchers present is that there is a degree of inevitability about the matter, because as sure as night turns to day, the Gurkhas will win ultimately. I say to them: "Why don't you embrace the proposal now? You wouldn't understand a just policy or a popular policy if it were painted on your eyelids."

Chris Huhne: The hon. Gentleman puts his point with a passion and directness that I can only admire. On 27 April, the "Channel 4 News" FactCheck rated the reliability of the figures of the Minister for Borders and Immigration as four. That was on a scale of one to five, in which the number five means that the claim

"has absolutely no basis in fact."

In other words, the Minister's claim is a wild guess—just about as much of a wild guess as previous forecasts on immigration from his Department, which have proved to be wildly wrong. In fact, the Home Office estimate was based on a five-year-old figure for the number of Gurkha pensioners in Nepal of 36,000. We know from parliamentary answers from the Ministry of Defence

[Chris Huhne]

that there are currently just 26,500 Gurkha pensioners, so even under the Home Office's own preferred methodology, the total, including dependants, would be 75,000 not 100,000, but that makes the assumption that every single one of those discharged servicemen would want to move.

Mr. Kevan Jones: I am sorry, but the hon. Gentleman is still showing his ignorance of the entire subject. The 26,000 are service pensioners who are in receipt of a Gurkha pension. In addition, there are another 10,000 welfare pensioners, who served mainly during the second world war, who did not qualify for the Gurkha pension, so the figure is 36,000.

Chris Huhne: I am grateful to the Minister for pointing that out, but I have to say that the original figure given by the Ministry of Defence was 36,000, and it was on a comparable basis with the figure of 26,500 that it gave recently in a parliamentary answer. I would strongly recommend that the Minister gets the Ministry of Defence to answer parliamentary questions correctly, because clearly it has not been doing so.

Keith Vaz (Leicester, East) (Lab) *rose—*

Chris Huhne: Before I give way to the Chairman of the Home Affairs Committee, from whom I very much want to hear on the issue, let me say that the key point is the attempt to take a narrow number of Gurkha pensioners and gross it up into the largest conceivable number that the Home Office can think of. Frankly, that number is nonsense on stilts. It is based on nothing at all—no polling, no questionnaires, no surveys, and certainly no knowledge of the Gurkhas' beautiful and mountainous country, of the advanced years of some of the pensioners, who find it hard to contemplate walking to the next village, let alone taking a plane to London, and of the social status and prosperity of discharged servicemen in their own community. It is a fantasy to suppose that more than a fraction will want to settle in the UK.

Keith Vaz: May I caution the hon. Gentleman not to accept figures put out by the Ministry of Defence on the subject, simply because those of us who supported the right of the Iraqi interpreters to come to this country were consistently told by the Ministry of Defence that huge numbers of people would want to come here? In fact, very few have applied. That settlement process has gone very well indeed.

Chris Huhne: The right hon. Gentleman makes a good and helpful point; I appreciate it, and indeed the work that he has done in the Home Affairs Committee.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): May I ask my hon. Friend to remind the House that there is a fundamental moral argument here? Under the Government's points-based scheme, if people from abroad have money, they can come here, and in due course apply for citizenship, but not all of those who have served this country abroad can do so. It seems that under the Government's policy, if a person lays down their cheque book for the country, they are in, but if a person is willing to lay down their life for the country, they are not.

Chris Huhne: My hon. Friend makes a good point, as always.

Bob Spink: Will the hon. Gentleman allow me to intervene?

Chris Huhne: I shall make a bit of progress, if I may.

An indication of what the true situation would be if we accepted the motion, and if the Government followed its recommendations, is provided by the number of pre-1997 Gurkhas who made their application for settlement before the Government's deadline of October 2006. We know from what Ministers have said that there are only 1,350 outstanding Gurkha applications on the desk of the Minister for Borders and Immigration. Those are people who applied in the knowledge that discretion could be applied. Is the Minister really saying that if the right to enter were to be automatic, in line with the post-1997 situation, there would be nearly 30 times more applicants? If so, I merely thank heaven that he is not a Treasury Minister in charge of the Budget forecasts.

Mr. Gerald Howarth (Aldershot) (Con): I am extremely grateful to the hon. Gentleman for giving way, because it is important that we try to ascertain the numbers. As a Hampshire Member, he will be well aware not only that Gurkhas are serving in military units in my constituency of Aldershot, but that we have a very large Nepalese community, running into the thousands. Members of that community are very much valued and appreciated, but the situation is producing pressures locally. Major Dewan, the chairman of the British Gurkha Welfare Society, which is based in Farnborough in my constituency, has made it clear that of the 291 Gurkhas who are waiting to come to this country immediately, 80 per cent. will come to Farnborough. That means 1,000 people. My local authority tells me that it cannot cope. I wonder whether the hon. Gentleman has any plans to help us. He said that he would set out some practical propositions to deal with what might happen in particular areas of the country, where the Gurkhas are hugely valued, but where the move might cause a problem for local services—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman knows that interventions have to be brief, and there are many Members waiting to contribute to the debate.

Chris Huhne: The hon. Gentleman makes an important point about immigration policy in its entirety. If he had come to some of the immigration debates that we have had, he would be aware that we Liberal Democrats have been putting forward proposals that would ensure that local authorities are better able to identify their needs, and better able to have the resources to meet them. I entirely accept that his is a legitimate concern, but I am afraid that it applies much more widely than merely to the narrow issue of the Gurkhas. For example, in areas of east London such as Newham, the NHS register is far out of line with the census results, which are used as a basis for the distribution of public finance, so I am entirely sympathetic to that point.

There is a fundamental point that a number of my hon. Friends have already made, and have anticipated. We can play the numbers game, and if we do, the Government will lose the argument, because their figures, frankly, are fantasy. However, the numbers are not the point. The point is simple: Gurkhas have given an

unconditional commitment to this country. They have put their lives on the line for us time and again. More than 45,000 Gurkhas have died in the conflicts of the two world wars, fighting for our freedoms and our way of life. They represent a tradition of service to Queen and country that is almost without equal.

The Brigade of Gurkhas alone is the proud recipient of no fewer than 26 Victoria Crosses—the highest medal, of course, for valour in combat that our nation can award. Many units in the British Army have an outstanding record of valour and bravery under fire, but I have not been able to establish that there is any other unit that can match that record.

Mr. David Drew (Stroud) (Lab/Co-op): There is one issue that does not seem to get a mention at all: the impact on Nepal. We are talking about important people who are pensioners in Nepal. They bring a quality of life because of their spending power. Has the hon. Gentleman considered an impact assessment on Nepal at all, particularly if we move in the direction of Gurkhas being likely to want to settle in this country when they leave the Army? More likely than not, that will result in them not sending remittances back home. I feel that we are duty bound to take account of that. If we agree to the measures in the motion, we have to help that country's Government.

Chris Huhne: The hon. Gentleman makes an important point. We have to consider the implications for the developing world of our policies, not just in this area but in others, too. I am sure that that was something of which Ministers were aware when they made the settlement for those who gave service after 1997. The hon. Gentleman should also bear in mind that Nepal is not as dependent on the remittances from Gurkha soldiers as popular folklore in the UK sometimes suggests. The population of Nepal—and this was reported to Mr. Justice Blake in a submission—is about 25 million, and its gross domestic product is substantial. Workers' remittances from Nepalese working abroad in India, the Gulf and elsewhere are very substantial indeed, so I am satisfied, to answer the hon. Gentleman directly, that if we rose to our obligations, there would be no corresponding bad effect on Nepal. His concerns can therefore be allayed.

Mr. Michael Howard (Folkestone and Hythe) (Con): Was it not made clear to Mr. Justice Blake that the Nepalese Government have no objection to the right being given to former Gurkha soldiers to settle in the UK?

Chris Huhne: I am grateful to the right hon. and learned Gentleman for that question, and I am particularly grateful for his support for the campaign because, in its early days, as the constituency MP involved, he had some doubts about the right way to proceed. He is absolutely correct that, as far as we have been able to ascertain, and as far as Mr. Justice Blake could do so, the Nepalese Government do not have concerns on this issue.

Several hon. Members *rose—*

Chris Huhne: Let me conclude, as I have given way enough.

As Sir Ralph Turner MC, who fought with the Gurkhas in the first world war, wrote in the poem that has become the calling card of the men of the brigade:

"Bravest of the brave, most generous of the generous, never had a country more faithful friends than you".

Are we really to repay that unconditional commitment with the penny-pinching approach of the accountant? Are we really the sort of people who know the price of everything, and the value of nothing—who reward loyalty with a rebuke? Are we to say that people who are prepared to fight and die for our country are not good enough to live in it? This debate is not just about the Gurkhas. It is the about the sort of people we are. The House must today find the generosity of spirit to repay, in the small way that we can, the enormous debt of gratitude that we owe to the Gurkhas. I urge hon. Members to support the motion.

Madam Deputy Speaker: I inform hon. Members that Mr. Speaker has selected the amendment in the name of the Prime Minister.

2.13 pm

The Minister for Borders and Immigration (Mr. Phil Woolas): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"recognises that this Government is the only one since the Second World War to allow Gurkhas and their families settlement rights to the United Kingdom; notes that in 2004 the Government permitted settlement rights to Gurkhas discharged since 1997, following the transfer of the Brigade HQ from Hong Kong to the United Kingdom; further notes that under these rules around 6,000 Gurkhas and family members have been welcomed to the UK; acknowledges that the court judgement of September 2008 determined that the 1997 cut-off date was fair and rational, while seeking clarification of the criteria for settlement rights for those who retired before 1997; further notes that on 24 April the Government published new and more generous guidelines for the settlement applications of Gurkhas who retired before 1997; supports this revised guidance, which will make around 10,000 Gurkhas and family members eligible to settle in the UK; further notes that the Government undertakes actively to inform those who may be eligible in Nepal of these changes and to review the impact of the new guidance within 12 months; further notes that the contribution Gurkhas have made is already recognised by pensions paid to around 25,000 Gurkhas or their widows in Nepal that allow for a good standard of living there; and further notes that in the year 2000 Gurkha pensions were doubled and that, earlier in April 2009, in addition to an inflationary uplift of 14 per cent., those over 80 years old received a 20 per cent. increase in their pension."

I thank the Liberal Democrats for giving the House the opportunity to discuss this important issue, not least because it gives me the opportunity to put on the record the facts and the arguments that we need to inform ourselves about this debate. Everyone in the House accepts that Gurkhas have served this country with bravery and professionalism in many conflicts. I thank the hon. Member for Eastleigh (Chris Huhne) for reminding us of that record. The Gurkhas have, indeed, just returned from a highly successful deployment in Afghanistan. I hope that there is no questioning of the Government's good intent towards the Gurkhas and their families. There should be no doubt in anyone's mind about the fact that the Government have the highest regard for the contribution of the Brigade of Gurkhas, and the contribution that it has made to Her Majesty's armed forces over a significant period of time. Indeed, the Government can back up those words with their actions.

Bob Spink: The whole House agrees with the hon. Gentleman about the contribution that the Gurkhas have made, and their heroic military service. However,

[Bob Spink]

the point that the hon. Member for Thurrock (Andrew Mackinlay) made is important. We should look not at what the Gurkhas have done, but at what they can do in future for this country: the great contribution that they can make to our economy and society should not be underestimated.

Andrew Mackinlay: They are going to win anyway, so just get on with it. .

Madam Deputy Speaker: Order. The hon. Gentleman is an experienced Member of Parliament, and he knows how to conduct himself in debate.

Mr. Woolas: Thank you, Madam Deputy Speaker, for protecting me from my hon. Friend from the mouth of the Thames.

Not only can the Government say that they pay tribute to the Gurkhas, but we can prove by our record that we are doing so. Let me explain the background to this case. It has been said that the guidelines that we published on Friday have undermined support for the Gurkhas, but I do not accept that that is so. Gurkhas are recruited in Nepal, and remain Nepalese citizens throughout their service with the brigade, in line with the wishes of the Nepalese Government. Before 1997, the Brigade of Gurkhas was based in Hong Kong, and following the handover of Hong Kong to China, the regimental base was moved to the UK, which put the brigade on the same footing as Commonwealth soldiers.

The service given by members of the brigade is chiefly recognised through the arrangements made to support them following their discharge. Gurkhas who served on or after 1 July 1997—the date of the handover of Hong Kong—are eligible to transfer to the armed forces pension scheme. Gurkhas who were discharged before that date, and who served for at least 15 years, receive a pension under the Gurkha pension scheme. In 2000, the value of those pensions was doubled. On top of that, the amount of the pension is regularly reviewed and increased in accordance with annual inflation in Nepal—for information, in 2009 it was 14.1 per cent. plus an additional 20 per cent. for those over 80. The pension received by ranks up to corporal is comparable to the salary of an engineer in Nepal, and it may be of interest to Members to know that the pension received by those of the rank of sergeant and above is equivalent to or greater than that of a Member of Parliament.

Dan Rogerson (North Cornwall) (LD): I am grateful to the Minister for setting out the Government's position up to now on a number of issues. I do not think that the House would dispute the fact that the Government's record is better than that of the Conservatives when they were in office. However, the question is whether it is good enough, and the answer out there—both around the world and through the eyes of those who are watching our debate—is not yet.

Mr. Woolas: That is an entirely fair and helpful point. At least the hon. Gentleman's party has been consistent on the Gurkhas—I have recognised that—in contrast with the Conservative party, which I shall come on to with great relish. I am setting out the position to tackle the accusation that, somehow or other, the Government have not treated the Gurkhas fairly or properly, although I accept that he has not made that accusation, and I am grateful to him. *[Interruption.]* May I finish setting out the background, then we can deal with the second point, which is the subject of the debate?

In addition, for those Gurkhas who did not serve long enough to qualify for a pension, the Ministry of Defence gives just over £1 million annually to the Gurkha Welfare Trust—hence the discrepancy between the two figures raised by parliamentary questions, which the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones) addressed. The charity provides financial, medical and community aid to alleviate hardship among former Gurkhas. I do not accept the accusation that Gurkhas discharged before 1997 have been abandoned by the Government, and it is offensive to senior members of the armed forces who are charged with the welfare of ex-soldiers of all regiments. It is against that background that decisions on settlement rights for ex-Gurkhas must be seen. It was never the case that Gurkhas joining up did so in the belief or expectation that they would get settlement rights. There was no expectation that they would be permitted to settle in the United Kingdom on discharge, and that was not part of the terms and conditions under which they enlisted.

Notwithstanding that, the Labour Government chose in 2004 to introduce settlement rights for Gurkhas, in particular to bring their treatment into line with that of Commonwealth soldiers. Before that date, a discharged Gurkha had no route to apply to settle in the United Kingdom on the basis of service. In 2004, the then Prime Minister announced that those discharged after 1997, when the regimental base moved to the UK, would enjoy the same settlement rights as others—that is, after four years of service and if they apply for settlement within two years of their discharge.

However, the then Prime Minister went further than that. He recognised that there would be former Gurkhas who were discharged before 1997 when the base was still in Hong Kong who would have made outstanding or exceptional contributions and for whom settlement in the United Kingdom would be desirable. He therefore announced that the cases of Gurkhas discharged before 1997 would be considered on a discretionary basis. Guidance was issued to immigration case workers on how to consider applications from Gurkhas applying to settle on this basis. Since these rules were introduced, we have welcomed to our country about 6,000 Gurkhas plus their families.

Bob Russell (Colchester) (LD): Can the Minister confirm without any shadow of doubt that the decision made in 2004 to allow Gurkhas who retired from 1997 onwards was retrospective, and that his ministerial colleague is therefore wrong to say that there cannot be retrospective legislation?

Mr. Woolas: I understand that point. The decision was retrospective to 1 July 1997. Those who have been granted settlement include significant numbers—3,500 from the previous period, before the 1997 cut-off, and 2,500 post-1997. The hon. Gentleman's point is valid in that regard.

We come to the crux of the matter. The judicial review was launched against the background of that policy. It challenged both the 1997 so-called cut-off date and the guidance under which decisions were made on pre-1997 cases. The question has been asked, not least in the media today, where the guidelines come from. The answer is that they come from the instruction of the High Court to clarify the guidance pre-1997.

On the 1997 cut-off, the judge, Justice Blake, said:

"The identification of July 1997 . . . was not an arbitrary or irrational consideration."

He went on to say that

"It cannot have been irrational or unjustifiable to distinguish July 1997 as the date after which rights as opposed to discretion to settle in the United Kingdom accrued."

So we have a judgment from the judge that the 1997 cut-off date is fair and lawful—*[Interruption.]* His exact words were "not . . . irrational". The Government changed the situation in 2004, which has allowed 6,000 Gurkhas plus their families—some 3,500 from before 1997—to settle in this country.

No Government from 1948 to 2004 allowed the settlement of Gurkhas in the UK. From 1948, when the brigade was established on its modern-day footing, until 1997, the number of Gurkhas who were given naturalisation in the United Kingdom was five—five ex-Gurkhas. It is against that background that the motion from the official Opposition claims that the current Government have betrayed the Gurkhas and implies that we should get rid of the 1997 cut-off—something that no Government did from the second world war until Tony Blair did it in 2004.

Mr. William Cash (Stone) (Con): To go on about the judgment of the Court is to miss the point completely. The judicial review is itself determined by parameters that need to be reviewed. This is a special case. I speak as one who has met the Gurkhas in Staffordshire and who has campaigned on their behalf over a number of years. If the Minister intends to run the argument that this is about judicial review and the judge's interpretation, he is missing the wood for the trees.

Mr. Woolas: I understand the hon. Gentleman's point. There are some in the House who have campaigned consistently to abolish the 1997 cut-off date. I think the right hon. Member for Maidstone and The Weald (Miss Widdecombe) and my hon. Friend the Member for Reading, West (Martin Salter) have made those points, and there are others, but I raise the issue because the Government stand accused of betrayal. That is an unfair and disingenuous accusation to make, particularly against the background, which I have just outlined to the House, of the Government's proud record on the treatment of the Gurkhas.

Damian Green (Ashford) (Con): The Minister appears to be a little confused. He seems to say that our amendment differs in respect of the situation before 1997 from the motion tabled by the Liberal Democrats. In fact, ours is a very small amendment to the original motion. On that issue we are at one with the Liberal Democrats. I do not understand what he can see in the amendment that justifies what he has just told the House.

Mr. Woolas: What I see in the motion from the Liberal Democrats is consistency and naiveté. What I see in the amendment from the hon. Gentleman is a bandwagon and inconsistency. If his party adhered to the policy of abolishing the 1997 cut-off, they had 18 years in which to do it and they did not. It ill behoves him to make the accusation that we have somehow betrayed the Gurkhas.

Several hon. Members *rose*—

Mr. Woolas: I shall move on to the crux of what the hon. Member for Eastleigh said. He spoke about the judicial review. Let me clarify the figures. It has been claimed and reported that the Gurkhas and their supporters believe that the new guidelines will give settlement to only about 100 Gurkhas. That figure is an estimate, from the campaign, of the total number from the outstanding 1,500 appeals—1,350 of which are from Nepal, and the remainder in country—of how many will be granted under the guidelines. It is not the estimate out of the total number of 36,000 Gurkhas plus their families to whom reference has been made, so it is disingenuous to suggest, as others have, that only 100 would qualify under the new guidelines.

Graham Stringer (Manchester, Blackley) (Lab): The Government's record on the Gurkhas is better than that of any previous Government. My hon. Friend is right about that. He is a just and fair-minded Minister. However, I would feel happier if he reassured the House that none of the Gurkhas who are awaiting appeals will be deported, and said that he accepts the principle behind the amendment tabled by my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth), which is that although the Government have done a lot, they can improve the situation further.

Mr. Woolas: I am grateful to my hon. Friend for that, in particular for his kind remarks, which have been much more polite than some in recent days. Let me answer him directly. Some of the outstanding applications are from ex-Gurkhas who are already in the United Kingdom and have been resident here for some time, whether lawfully or unlawfully. My officials will consider these applications on a case-by-case basis, as we are bound to do, to assess whether they fall to be granted settlement under the revised guidelines.

Subsequent to that, the Border Agency is required under the immigration rules to consider all the relevant factors of an individual's circumstances to see whether the person should be allowed to stay in the United Kingdom. I can say to the House that I cannot foresee circumstances in which these honourable men who have served the UK so well would ever be removed from our country.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): I remind the House that I have an interest as a former officer in the Brigade of Gurkhas. My concern is the unintended consequences of this decision, which, if I am called to speak, I would like to explore. Will the Minister assure the House that none of the decisions today will jeopardise the future of the Brigade of Gurkhas? If in the future those of us on both sides of the House who are championing the future of the Brigade of

[Mr. Mark Lancaster]

Gurkhas face a decision locally about supporting the future of the Brigade of Gurkhas or our local regiments, will we be equally vociferous in supporting the brigade?

Mr. Woolas: The hon. Gentleman, who speaks with great knowledge, is concerned that the decisions do not have the unintended consequence of damaging the brigade. The point about the potential resource implication of this is important, and the Prime Minister referred to it earlier at Prime Minister's Question Time. Let me be clear because the numbers have been challenged, I think unfairly. I looked at the numbers after I had met representatives of the campaign. I cannot base the advice of the Government on the "Channel 4 News" fact indicator; I have to base it on the best information available to us, and my hon. Friend the Under-Secretary has explained the derivation of the figures. But it is an important point. The Government have never said that 100,000 people would apply and would get settlement. We have to look, as we do under all immigration law, at the potential, and our best estimate is that it is 100,000. It may be more, it may be less.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I am pleased that my hon. Friend has outlined the Government's very good record so far in dealing with this issue, and he is right to say that the heart of the dispute is about numbers—his Department's estimates about the potential numbers and the numbers that the campaign has said would qualify under the new guidelines. There has been a lot of progress today. The Prime Minister accepted that Ministers would review the 1,300 cases and that that would be concluded by 11 June. I understand that it is now further being said that on the basis of the work carried out on those 1,300 cases, there will be a consideration of the implications of that for the new guidelines. Both those statements are welcome. I do not expect an immediate answer from my hon. Friend, but if he would go a little further and say that that process of looking at the 1,300 cases and their implications will be concluded by the time the House rises for the summer recess, I would feel far more inclined to support the Government in the Division Lobby this afternoon.

Mr. Woolas: I am grateful to my right hon. Friend for that comment; he brings us to the crux of the debate. For the benefit of those who wish to contribute to the debate, I will depart from my written speech. We have two worries about abolishing the pre-'97 cut-off date. First, we are concerned that it would set precedents for other groups, and, as one would expect, I have taken legal advice on that. We fear that the precedent would be set for people from Commonwealth countries who had served in the armed forces, and that that retrospective decision from pre-'97 would apply to other groups. We have to be clear that if a blanket decision was made on Gurkhas for pre-'97 there would be no unintended consequence for other groups who may have the right to challenge on the basis of common law and public law. With that there is the consequential impact on budgets, and the Prime Minister referred to the £1.4 billion. I do not recall using the £1.5 billion figure, but if I did I withdraw that. Our estimate is £1.4 billion, and I remind the House that that would come from the defence budget.

Secondly, if right hon. and hon. Members are honest with themselves—I hope that we all are—the truth is that none of them knows how many would apply. But as the former Chief of the Defence Staff said in *The Independent on Sunday*, the Government have to live in the real world, not in the world of emotion. Therefore the staged approach that we have taken, as described by the Prime Minister—this is the crux of my right hon. Friend's proposal—

Mr. Howarth *rose*—

Mr. Woolas: Just let me finish, then I will take an intervention. I am confident that my right hon. Friend will agree with me.

There are 1,500 cases outstanding, and we will get through those by 11 June. We have already started on that. I am more than confident that that will be significantly more than the 100 that has been estimated. We will then review the guidelines as time goes on. If our figures are wrong, we of course will change the guidelines, as we have always intended to do and as we stated in the written ministerial statement on Friday. We have made that point. My right hon. Friend is trying to push us on what we have announced as a review within 12 months—we were always clear on that—and it will become pretty clear how the guidelines are being interpreted by the time scale that he gives. I cannot give him a cast-iron guarantee, because we do not know how many applications outside of the 1,500 will come in, but that is certainly my intention.

Mr. Howarth: I am grateful to my hon. Friend for that and we have made still further progress. I accept that he cannot give a cast-iron guarantee, but if he were to tell me and those who support the amendment that stands in my name and those of others that he would use his best endeavours to conclude that process by the start of the summer recess, I would feel much more reassured.

Mr. Woolas: I can do that, with the caveat that I do not know how many applications will be made in that period.

Chris Huhne *rose*—

Mr. Woolas: I will give way to the hon. Gentleman and then I will make the final points in my argument so that we can move on.

Chris Huhne: I am particularly interested in being a spectator at what appears to be an internal group meeting of the parliamentary Labour party between those on the Front and Back Benches about what these concessions may be. I welcome the Minister's commitment that there will not be deportations in the case of the appeals. But we come back to the key point, which I ask Labour Back Benchers to consider carefully when they decide how to vote, of how the Government are approaching the issue. Is it more credible to believe that 1,350 people who have actually applied from before 1997 is the rough order of magnitude of the numbers that we are talking about—there may be some more—or the Government estimate, which on the Minister's own admission just now is the maximum potential figure? Given that the maximum potential figure is an absurd basis for policy—

Madam Deputy Speaker: Order. I must bring the hon. Gentleman to order. I understand the importance of this debate, but many Back Benchers also wish to make a contribution.

Mr. Woolas: Once again, the hon. Gentleman caricatures what I said. I have always been clear that the 100 per cent. is a maximum and an estimate. I made that perfectly clear in interviews in the media on Friday. Let me again clarify the point about the 1,500. Those are the outstanding appeals against applications that we have.

Hon. Members are also concerned about the 20-year limit and the accusation that it is somehow or other discriminatory against the lower ranks.

Nia Griffith (Llanelli) (Lab): I welcome the Government's commitment in the amendment to review the impact of new guidance within 12 months, but will my hon. Friend give me a categorical assurance that that will include looking at that 20-year limit, as many have not been able to serve more than 15 years?

Mr. Woolas: Yes. Let me explain where the 20 years comes from. I think that when people hear the argument, if they are fair-minded they will accept it. I am sorry to go back to the judge, but this is the derivation of the argument. He said that the old guidelines were unclear—we therefore had to make them clearer—on the basis of quality and quantity of service. The criteria that we have proposed provide for a range of circumstances that cover both points. It is the case that the majority of people who have 20 years' service are below commissioned officer rank. Although it is true that soldiers in the private ranks join for 15 years and people who intend to be officers join for 20 years, it is also true and not contradictory that many people serve more than 15 years, but a majority of those who serve 20 years are below the rank of commissioned officer. In any event, that is only one criterion.

The other criteria, which include, as we know, a generous expansion of the guidance on people who have disabilities and, importantly, people who have drawn a pension in the past because of a disability or an injury, reflect the quantity and quality of service. I put those criteria before the House in the belief and expectation that more Gurkhas and their families will be granted settlement rights in our country, and with the review that my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth) asked for and has just pressed me on. *[Interruption.]* Indeed, it was part of the written ministerial statement, but I recognise the feeling of the House and we will review the situation.

However, we as a Government must bear in mind the potential implication of that precedent for other groups of people and for the resources of our country, not to mention the point that my hon. Friend the Member for Stroud (Mr. Drew) made about the future of Nepal itself, which seems not to have featured much in the debate.

Mr. Drew: I should be interested to know what the Governments of Nepal and India have said about the whole debate, and, more particularly, whether the UK Government have conducted an assessment of the impact on Nepal's GDP if the greatest number—I know it is only an estimate—of people who could enter this country do so.

Mr. Woolas: My hon. Friend's point is extremely important, and I, as a Labour party member, think that we should give a lot of strength to it. The Government, through aid and the Department for International Development's budget, give £56 million to Nepal. We give—if give is the right word—or pay £54 million in pensions for Gurkhas, so those are the sums that are important to Nepal.

I sense that the House has heard enough from me.

Mr. Mike Weir (Angus) (SNP): Will the Minister give way?

Mr. Woolas: I am being pressed to take interventions, but there are a number of speakers, the Liberal Democrats have another debate this afternoon and we have only until 4 o'clock.

I shall finish on this point, which involves a quotation from the hon. Member for Mid-Norfolk (Mr. Simpson) who, at the time of the 2004 settlement—deal, agreement, arrangement—that we made, was a Conservative Defence spokesman. He said:

"We warmly welcome the government's decision. This should receive overwhelming support from the British people who have enjoyed the Gurkhas' valuable service over nearly 200 years."

I should like to ask, what changed between 2004 and now, other than an opportunity to jump on a bandwagon, misrepresent the good intentions of the Government, question our motive and not even wait for the facts to see how many people secure settlement from the new guidelines?

Several hon. Members *rose*—

Madam Deputy Speaker: Order. Mr. Speaker imposed a 10-minute limit on Back-Bench contributions. In view of the limited time available, I propose to reduce that further to six minutes.

2.44 pm

Damian Green (Ashford) (Con): I shall seek to be briefer than the previous two speakers, in recognition of how many Back Benchers are willing to speak.

It is a rare but genuine pleasure to support the motion moved by the hon. Member for Eastleigh (Chris Huhne). We tabled an amendment, which the Minister misunderstands; it would improve the motion in small but important ways that I shall come to later. This is a day for the whole House to speak up for the Gurkhas and for the overwhelming majority of the people of this country who want to support them. We will vote for the motion, because our analysis of the Government's position is very simple: the Government are wrong.

The Minister spent a lot of time talking about history. Let me give him a bit more history, because he does not seem to understand it. In 1997 the terms of the Gurkhas' engagement changed radically; their headquarters were moved to this country and they started doing tours of duties in this country; and so some of their children started to be educated in this country. Therefore, to say that a Government whose term had ended before that change happened should somehow have changed the rules to recognise that is simply absurd—but that was the assertion that the Minister made in his speech.

[Damian Green]

The Minister also asked what has changed since the—very wise—words of my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) in 2004. What has changed is the court decision. The Government were taken to court and lost the case, so for the Minister to say that nothing has changed since then is also absurd.

I assure hon. Members that a Conservative Government would scrap this Labour Government's plans for the Gurkhas, although I hope that the House passes the motion so that we can proceed more rapidly. I have rarely seen such an outpouring of public outrage as the one that has engulfed the Minister since he made his ill-fated decision last week.

David Cairns (Inverclyde) (Lab): We all honour the past service of the Gurkhas, and I have a great deal of sympathy with the cause that has been put forward—with one important caveat about which I hope the hon. Gentleman can lay my fears to rest: the implications for future recruitment from Nepal. He will know that the current Maoist Government of Nepal were elected on a manifesto commitment to stop Gurkha recruitment to the UK Army. They performed a U-turn at a meeting with UK parliamentarians in Kathmandu, at which I was present, but it is a very shaky U-turn. If a large number of people leave Nepal, and there is the impact that my hon. Friend the Member for Stroud (Mr. Drew) mentioned, it could flip the Nepalese Government back into stopping the recruitment of Gurkhas to the British Army. Will the hon. Gentleman tell me clearly what discussions he has had with the Government of Nepal, or their representatives, about whether changes—*[Interruption.]* Opposition Members are laughing; they do not think that this situation has any impact on the 12th poorest country in the world. What discussions—

Madam Deputy Speaker: Order.

Damian Green: That is a faintly ridiculous point. Clearly, the future of the Brigade of Gurkhas is extremely important, but the way in which the hon. Gentleman phrased his point suggests that he is not interested in having the constructive debate that we need.

The current situation is part of a long-running set of mistakes by the Government on the issue. They have been wrong on it ever since the High Court made its ruling last year. We have heard a lot about Mr. Justice Blake, but his judgment came down to this central point, when he said that the Gurkhas' service is worthy of

"an unquestionable moral debt of honour"

from the British people. The Opposition have been absolutely clear about that. The following day, my right hon. Friend the Leader of the Opposition said:

"Yesterday the courts ruled that Gurkhas who want to come and live in Britain should be able to. They risked their lives for us and now we must not turn our backs on them. I say to the government... Do not appeal this ruling. Let's give those brave Gurkha soldiers who defended us the right to come and live in our country."

Many Gurkhas outside this House today, and millions more of their supporters throughout the country, will be not only appalled by the Government's position but puzzled about how they arrived at it, so it is worth investigating why the Government find themselves in this position. The underlying reason they have to behave in such an unfair and ungenerous way to the Gurkhas is that the Government's overall immigration policy has been out of control for many years. Why are they trying to stop Gurkhas coming here? It boils down to the fact that they have failed to stop so many much less deserving people from coming here and, what is worse, staying here.

A long list of failures on immigration policy has driven the Minister to his present uncomfortable position. The Government failed to deport the killer of Stephen Lawrence; they failed to remove the suspected terrorist Abu Qatada; only one third of released foreign prisoners have been deported; and only 14 employers of illegal immigrants have been prosecuted since 2008.

Then there is the wider point about immigration numbers. The Government used to say that there was no obvious upper limit on immigration, and in their headlong retreat from that disastrous policy, they are now in the ridiculous and immoral position of trying to keep out some of the best and most loyal servants of this country.

Keith Vaz: Will the hon. Gentleman give way?

Damian Green: In a second.

The net result of this succession of failures is that the Minister has to find new ways of looking tough; that is what he was appointed to do, and that is what he seeks to do. Today's victims of that are the Gurkhas. The Government are making the Gurkhas the scapegoat for their own incompetence on immigration policy. Let me set out for the Minister how he could immediately climb out of the hole that he finds himself in. I will tell the House what we would do if we were in power, and offer the Minister a way to bring in our proposals quickly so that the Gurkhas do not have to wait.

Keith Vaz: This is just a point of clarification; I am sure that the hon. Gentleman would want to clear it up now. He talked about the deportation of the killer of Stephen Lawrence; I am sure that he would like to reflect on that.

Damian Green: It was not Stephen Lawrence's killer—the right hon. Gentleman is, as so often, right.

Mr. Chris Mullin (Sunderland, South) (Lab): Does the hon. Gentleman understand that it sticks in the gullet slightly to find that a representative of the party that at each general election within my memory has run disreputable campaigns about the admission of foreigners and migration generally—I note that the *Daily Mail* and the *Daily Express*, which are also virulently anti-migrant, are leading this campaign—is now championing what appears to be an open-door policy for this category of migrants and, who knows, some others too?

Damian Green: I have great admiration and liking for the hon. Gentleman, but that intervention was nonsensical and disgraceful in every individual part. I remind him that he is sitting on the Government Benches representing a party whose leader talked about British jobs for British people. If he wants to talk about unpleasant rhetoric, I suggest that he look in his own house first.

A Conservative Government would make a presumption that Gurkhas who left the service before 1997 would be allowed to settle in this country. That is the big divide in this debate. I think that everyone on the Conservative Benches is on one side of the debate, and most, although I hope not all, on the Government side of the Chamber are on the other side of it. Those of us who are on our side of the debate are also on the side of the Gurkhas. We are on their side because ours is the only fair solution to the problem that the Government face. How would we do it? We would fit their applications into the general framework of our proposed immigration policy. As the Minister knows, we would build on the points-based system with our proposal for a limit on the number of work permits issued every year, so that we have a properly controlled immigration system. We would create a new category within the points-based system for former service personnel who are not British citizens, and allow them the right to settle.

The hon. Member for Oxford, West and Abingdon (Dr. Harris), who is no longer in his place, objected to—

Lyn Brown (West Ham) (Lab): Will the hon. Gentleman give way?

Damian Green: Can I finish my sentence first? *[Interruption.]* If the hon. Lady can contain herself, I was referring to the hon. Member for Oxford, West and Abingdon, who said that his objection to the points-based system was that it was entirely economically driven and had no room for any other drivers. That is an interesting point, although I do not completely agree with it.

We would create a new tier for which people would qualify simply by having served the British armed forces. I think we all agree that we owe those people a debt, and the vast majority of those who would benefit from that category would be pre-1997 Gurkhas.

Lyn Brown *rose—*

Damian Green: I think that the hon. Lady wishes to speak.

Lyn Brown: I am grateful to the hon. Gentleman for being so gracious. Under the new Conservative policy, will anybody who has served this country in the armed forces abroad have an automatic right of entry to this country?

Damian Green: As I said, as the hon. Lady would have heard had she been listening, there would be a presumption in favour—*[Interruption.]* Let me deal with this now. One of our small differences with the Liberal Democrats is that, although we support the motion, there is a problem that it appears to allow that right to anyone, even if, for example, they have committed serious crimes. I am sure that the hon. Member for Eastleigh would not wish people like that to be given the right to come to this country. Our amendment would ensure that we retained controls over individuals whom we might not wish to come here. I cannot believe that that would be a controversial point even among Government Members.

One of the key questions that remains is about the numbers who are eligible to apply. The Minister tried to convince us that the figures from the Home Office and the Ministry of Defence were unquestionable. I am afraid that those of us who spend large parts of our lives dealing with Home Office figures, and those of my colleagues who deal with MOD figures, will not share his confidence that absolutely everything that comes out of those Departments is necessarily of the highest calibre. At various stages, the MOD has estimated that the total numbers eligible will be 22,000; it has mentioned other figures, but I will stick with the lower one because it helps the Minister's case. The British Gurkha Welfare Society estimates that the total would be 30,000. On top of that, of course, there are the dependants, because we all agree that we need to be fair to them as well. In their statement last week, the Government estimated that there are about 1.5 dependants per Gurkha—4,000 soldiers with 6,000 dependants—whereas the British Gurkha Welfare Society estimates that there are three dependants per Gurkha.

This is a significant area where any Government would need to do some proper research to find the truth. Even on those two estimates—there are others; this morning, I heard the BBC reporting a figure of 40,000 potential qualifying ex-Gurkhas—the numbers eligible to come here could vary between 55,000 and 120,000; those are the absolute maximums. Before we settle on a final policy, the Government need to sort out that confusion and make a sensible assessment of how many people will actually apply to come here. Over the past couple of years, about 1,300 have made applications. If that is the realistic level of demand, then our proposals would solve the problem on day one; certainly, the number of visas on offer would be significantly higher than that. We can be clear that a Conservative Government would grant visas under the new tier of the points-based system to give the Gurkhas what they deserve: the right to settle in this country with their immediate dependants. The lower the number who apply, the faster we can right this wrong, which I am sure hon. Members in all parts of the House want to do.

I know from my own talks with Gurkha campaigners that they want this matter solved quickly—in fact, now—so I have a suggestion for the Minister. The Borders, Citizenship and Immigration Bill is currently passing through Parliament. It has completed all its stages in the other place and will come to this House in the next few weeks. The long title of the Bill includes the words

"To make further provision about immigration and asylum".

It would therefore be perfectly in order for the Minister to introduce our proposal—or, indeed, any other proposal that he wants to introduce—in that Bill so that it could be on the statute book within the next few months. If his proposal is sensible—if he wishes to adopt ours, or anything similar—my party will support him, and I guess that the Liberal Democrats would also want this problem to be solved as quickly as possible. This debate is about playing fair with the people we should let into this country while at the same time, in wider immigration policy, doing much better in stopping the people who should not be allowed in to this country.

Over the course of the past few days, the Minister has managed to attract opposition from all parts of the spectrum. In looking at the various options put forward by Members in all parts of the House, I am particularly struck by one that we have already touched on, which points out that only officers benefit from the Government's proposals. It must strike the House as the most exquisite irony that in the week that the Government publish their Equality Bill they produce another policy which

[Damian Green]

favours the officer class and tramples all over the other ranks. I cannot imagine that many Labour Members came into politics to support such divisive nonsense.

There are two genuine concerns that need to be addressed, the first of which was raised by the hon. Member for Stroud (Mr. Drew). If the vast majority of former Gurkhas were to leave Nepal over a very short period, that would do huge damage to the Nepali economy and the structure of governance in Nepal. I do not believe that that huge exodus would happen, and I take the points that the hon. Member for Eastleigh made about that, but we need to bear the possibility in mind.

The second concern, which we have not discussed much, is that those who arrive here need to be properly assimilated into British society as easily and comfortably as possible. I can draw on my experience in saying that, because my constituency has a fast-growing Nepali community. They are model citizens, from the dedication of the children at school to the big efforts made by adults to play a key role in wider civic life, while demonstrating their justifiable pride in their history and culture. That is a lesson in how cohesion and integration can work in this country, and above all, what has happened in my constituency is a tribute to the wholly admirable people that the Gurkhas are.

Before I close, I should mention that the changes proposed in the amendment that we tabled were designed not to change the sense of the motion in any way but to tidy it up. I have made the point that expressing a presumption of the right to come rather than an absolute right would alleviate one of the potential problems. That shows that it is not very difficult to change the motion in minor ways that give a basis for practical legislation that the Government could introduce as soon as they wanted, and that a Conservative Government would introduce as soon as they were able.

I urge the Minister once again to stop digging the hole in which he finds himself. He has created a rare degree of unity inside and outside the House, and it is a united front against his policy. He must now listen to the voices of those who support the Gurkhas, respect the strength of feeling throughout the country and reverse this unfair, ungenerous and divisive policy. The Gurkhas should not be made the scapegoat for the failure of the Government's immigration policy. I support the motion.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. May I remind the House that there is now a six-minute limit on all Back-Bench speeches?

3.2 pm

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I come to this issue as somebody who was a child in the period following the second world war. Pretty well everybody I knew—my father, my mother, uncles, neighbours—served in the armed forces and fought in the war in some capacity. Not many people spoke much about their wartime experience—it was a kind of convention that people did not go on in great detail about what had happened to them. However, one of my clear recollections is the extent to which those who served with Gurkhas were full of praise for their fierceness in battle, their loyalty to the UK and their contribution in the second world war. That is the background to my own sentiments towards the Gurkhas.

More recently, I have had some direct experience of Gurkhas. Since the conflict in Iraq began, I have travelled there on three occasions either as Chairman of a Committee, as a guest of the Government or, on one occasion, with my right hon. Friend the Member for Cynon Valley (Ann Clwyd). On all those occasions, I encountered Gurkhas who were serving out there, sometimes working in a private capacity for private security companies and in some cases with the armed forces. I have nothing but respect for the Gurkhas.

It was for that reason that I joined forces with my hon. Friend the Member for Reading, West (Martin Salter) yesterday and tabled an amendment that has attracted the signatures of 70 right hon. and hon. Members, the majority of whom, although not all, are Labour Members, including my right hon. Friend the Member for Leicester, East (Keith Vaz), the Chairman of the Select Committee on Home Affairs. I have been around the House long enough to know that an amendment tabled by a Back-Bench member of the governing party is unlikely to be selected when the Government and the official Opposition have tabled amendments. However, I thought that it was important to send the Government a message that I, and those who signed the amendment, did not believe that they had given the Gurkhas the honour and recognition that they deserved.

In an intervention on my hon. Friend the Minister, I indicated that progress had been made in the past 24 hours. At Prime Minister's questions, my right hon. Friend the Prime Minister announced that the 1,350 cases that are currently in the Home Office will be dealt with by 11 June. He went on to say—my hon. Friend the Minister confirmed this from the Dispatch Box—that the lessons that could be learned from those cases would be examined and a statement made about the outcome of that examination. Shall I use the word "review"? In particular, it was said that there would then be a review of the impact that those findings would have on all cases if the new guidelines were applied. That is basically the point that we had reached at the time of my intervention.

Since then, the Home Secretary has written to my hon. Friend the Member for Reading, West, a co-signatory of my amendment, and it might help the House if I read out some of the letter. She wrote:

> "We have committed to reviewing around 1,350 individual cases where there is an outstanding application by 11 June. We will inform the House immediately thereafter of the impact of the guidance on those cases, and the numbers of cases which fell to be granted, the number refused, and the number where we have requested and are still awaiting further information from the applicant. In the light of lessons learned from this we will review carefully what further policy changes may be required. I am happy to confirm that we will begin this work before the summer recess."

Again confirming a point that my hon. Friend the Minister made earlier, she continued:

> "Subsequent to that, UKBA is required under the immigration rules to consider all the relevant factors of an individual's circumstances to see whether the person should be allowed to stay in the United Kingdom. I cannot foresee circumstances in which these honourable men, who have served the UK so well, would ever be removed from the UK."

Prior to receiving that letter and the developments of the past 24 hours, it had been my intention to abstain on both the Government amendment and the Liberal Democrat motion. In the light of those assurances, I now feel that my party's Government have proved to be an honourable Government, and they are a better Government than they were 24 hours ago for that. I will support them.

3.8 pm

Mr. Michael Howard (Folkestone and Hythe) (Con): The 2nd Battalion the Royal Gurkha Rifles is based at Shorncliffe, in my constituency. In a bitter irony, soldiers from that battalion returned to Shorncliffe on Sunday 19 April, 10 days ago—just five days before the Government made their announcement—from a tour of duty in Afghanistan. It was a tour of duty in which, yet again, they demonstrated their heroism and valour, and during which they lost two of their comrades. On Tuesday 4 November, Rifleman Yubraj Rai received a gunshot wound from enemy fire. He received medical treatment at the scene but he died a short time later from his wounds. Only a few days later, on Saturday 15 November, Colour Sergeant Krishnabahadur Dura was taking part in a road move in the Musa Qala district of Helmand, when the Warrior infantry fighting vehicle in which he was travelling was struck by an explosive device.

Those Gurkha soldiers made the supreme sacrifice for our country. When they died, the Prime Minister told the House that we should never forget the sacrifice that they had made, just as he did some three hours ago in respect of the death of the Welsh Guardsman who lost his life yesterday. However, those words must be accompanied by deeds.

When the Gurkhas returned to Shorncliffe 10 days ago, they were warmly welcomed home by the rest of my constituents. The welcome home that they got from the Government was the decision that we are debating this afternoon. The Gurkhas are a most cherished part of the community that I represent in this place. To say that they are held in high regard would be a gross understatement.

Two weeks ago, I attended and spoke at the launch of an appeal in Folkestone for the erection of a statue dedicated to the Gurkhas. Hundreds of people turned up: Gurkhas themselves, including their two holders of the Victoria Cross, our highest award for valour—Tul Bahadur Pun and Lachhiman Gurung—civic dignitaries of the area and many local people, who wanted to show the affection and esteem in which the Gurkhas are held locally. We are proud to have them as members of our local community. We are not proud of the Government's decision, which we are debating this afternoon.

Mr. Kevan Jones: What would you do?

Mr. Howard: I would do exactly what my hon. Friend the Member for Ashford (Damian Green) outlined. *[Interruption.]* Another hon. Gentleman from a sedentary position says that we did not do it. Of course we did not because the question did not arise before 1997, for all the reasons that were given earlier. Before 1997, the Gurkhas' terms and conditions were governed by the tripartite agreement. I do not remember ever being asked to address the issue before 1997—it simply did not arise.

Mr. Jones *rose—*

Mr. Howard: I will give way to the Under-Secretary because I have a particular word to say shortly about one of his contributions to our debate.

Mr. Jones: I accept the support that the right hon. and learned Gentleman gives Gurkhas, but, when he was Home Secretary, he had on his watch the naval personnel in Hong Kong, who wanted citizens' rights. I carefully wrote down the new policy of the Conservative Opposition and potential Government. It would allow anyone who has served in the British armed forces in the past to come here. Does that include the people that the previous Conservative Government did not honour when they withdrew from Hong Kong?

Mr. Howard: The Under-Secretary's comments have nothing to do with the Gurkhas. I am talking about the position on the Gurkhas before 1997, which was the point made from a sedentary position.

Others have spoken of the feats of the Gurkhas throughout the centuries and I do not need to repeat them. They have also spoken about the criteria that the Government set out in the decision that we are debating. I therefore do not need to go into any great detail about them, but I want to say a word about one, perhaps the most objectionable—the 20 years' service requirement and the extent to which, as my hon. Friend the Member for Ashford pointed out, it favours the officer class.

The Under-Secretary now shakes his head. His rebuttal of the point was that more other ranks than officers had served for more than 20 years before 1997. *[Interruption.]* He tells me that the Minister for Borders and Immigration said that, and I am more than happy to accept the correction. It was an entirely bogus point and disingenuous statistic, which characterises the Government's approach. Most other ranks did not serve for 20 years before 1997; most other ranks were not allowed to serve for more than 15 years before 1997.

I ask hon. Members to consider what might have been in the minds of the Gurkha riflemen returning to my constituency 10 days ago, knowing that they are not allowed to serve more than 15 years and that the Government regard that as inadequate for consideration under their eligibility criteria in the decision.

Mr. Woolas *rose—*

Mr. Howard: I have only a few seconds left and I want to bring my remarks to a close.

At the end of his judgment in the case of Limbu and others, which was heard and decided last September, Mr. Justice Blake recited the military covenant. The hon. Member for Eastleigh (Chris Huhne) read it out, so I do not need to do so again. It is familiar to many hon. Members. However, the last sentence of his judgment has also been mentioned and is worth repeating. Mr. Justice Blake said:

"Rewarding long and distinguished service by the grant of residence in the country for which the service was performed would, in my judgment, be a vindication and an enhancement of this covenant."

I agree with those words and commend them to the House.

3.16 pm

Keith Vaz (Leicester, East) (Lab): It is a pleasure to follow the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). Perhaps I have been a Member of Parliament for too long—22 years—when I can take part in a debate in which a Labour Government are trying to restrict numbers coming into the United Kingdom, and Conservative spokespersons and former Conservative Home Secretaries are inviting us to increase those numbers.

I congratulate the Liberal Democrats on using some of their precious Opposition time on holding not only one but two important debates—on the Gurkhas and on Sri Lanka. Obviously, I will not participate in the next debate because I am speaking in this one. Enabling the House to discuss two such important matters, which are current and occupy the minds of the British people, is very worthy, and I thank the Liberal Democrats for that.

The Government have done an enormous amount for the Gurkhas and the Minister for Borders and Immigration should not feel upset about criticism. I know that he does not—he is the immigration Minister, so he should expect such criticism. I stress that we are grateful and I am proud to support a Government who have done so much for the Gurkhas. I strongly believe, however, that we should go that one step further.

The Minister has accepted representations from the Gurkhas. At the invitation of my hon. Friend the Member for Reading, West (Martin Salter), who has led the campaign on the parliamentary issues, he met several Gurkhas at the end of last year. He has listened carefully to what they said, but it is wrong to change an important aspect of policy through an exchange of letters between the Home Secretary and Back Benchers, when the Government have had considerable time to deal with the matter and to fashion a fair and just policy.

Of course I accept what the Home Secretary said to my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth), but hon. Members will excuse my taking the letter with a pinch of salt. The Home Secretary and the immigration Minister talk about speed in the immigration and nationality directorate, when it has a backlog of more than 220,000 cases—

Mr. Woolas: More.

Keith Vaz: The Minister says that there are more. Given that, he will excuse me for not taking at face value a statement that there is a hope that the cases will be resolved by June.

There is a problem with processing such matters and I will need more than a letter read out by my right hon. Friend the Member for Knowsley, North and Sefton, East, wonderful though he is, to be convinced that the Government will try to review the guidelines by June. When the Minister spoke at the Dispatch Box, he did not say that. He said that it was a hope, not an expectation.

Mr. George Howarth: My right hon. Friend is ungenerously trying to make out that I have been naive. I was relying not on the words of my hon. Friend the Minister for Borders and Immigration at the Dispatch Box, important though they were, but on the words of the Home Secretary, which she put in a letter to my hon. Friend the Member for Reading, West (Martin Salter) this afternoon.

Keith Vaz: I did mention the letter from the Home Secretary, but my right hon. Friend was talking to our right hon. Friend the Member for Enfield, North (Joan Ryan) and did not hear me. However, whether the letter comes from the Home Secretary or the Minister for Borders and Immigration and whether it is written in blood, wax or whatever, I have such an enormous immigration case load that I have difficultly accepting that the Home Office and the immigration and nationality directorate can process 1,500 cases by June. I do not think they can do it.

Let me turn to the crux of what I want to say, which is about the decision of the Select Committee on Home Affairs last year. We wrote a letter to the Minister for Borders and Immigration on 4 November last year—this also goes to the question of speed—that reflected a unanimous decision by the Committee after taking evidence from him and from campaigners from the Gurkha community. The letter said four things.

First, the Committee recognised the historic debt of gratitude that is owed to the Gurkhas. We called them brave, loyal and distinguished. Secondly, we agreed that the current Government policy of distinguishing those Gurkhas who retired before 1 July from those who retired afterwards has, in effect, created two classes of Gurkhas. We considered that there was no reason for that distinction. Thirdly, we concluded that the treatment of the Gurkhas was unfair, given the discrepancy between that and the settlement rights afforded to other Commonwealth citizens. Fourthly, we asked the Minister to bring forward regulations to replace the regulations that have already been declared unlawful and to extend the rights of settlement to all the Gurkhas who had applied for settlement. That was absolutely in keeping with the motion that the Liberal Democrats have tabled. The Committee came to a unanimous decision—I see one Committee member, the hon. Member for Colchester (Bob Russell), in his place. I will now need the speech of a lifetime from the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), to convince me that the Government's position has changed since the motion that they have tabled. We need to move much further.

My final point relates to the issue raised by my hon. Friend the Member for Stroud (Mr. Drew). The view that there has to be an impact assessment for other countries—in this case Nepal—when Parliament takes a decision on immigration policy is ludicrous. I came here as a first-generation immigrant, and for a country that at one stage ruled a third of the world suddenly to start talking about having impact assessments is bizarre. My hon. Friend the Minister for Borders and Immigration will know the Bangladeshi community in Oldham. He will know, as will anyone who knows the south Asian community, that just because those people are settled in Oldham, that does not mean that they do not have connections with Bangladesh or that they do not send remittances back to their country of origin. It is a spurious argument that is being developed. I have received no representations from the Government of Nepal, but to be perfectly frank, would we take into consideration representations made by India about the points-based system? I do not think so, because India is against the points-based system, yet we have already told India that we are going to implement it anyway.

For those reasons I am still minded to support the Liberal Democrat motion, despite the speech from the Opposition Front Bench, which almost put me off. However, the Lobbies belong to everybody and, in keeping with the unanimous decision of the Home Affairs Committee, I think that that is the honourable thing for me as the Chairman to do, given that I signed the letter to the Home Secretary.

3.23 pm

Sir Menzies Campbell (North-East Fife) (LD): I am delighted to follow the right hon. Member for Leicester, East (Keith Vaz), particularly as he has just announced that he is going to keep the faith.

The weakness of the Government's case is surely illustrated by the fact that in the course of this debate the Home Secretary has felt it necessary to send a letter to a Labour Back Bencher, apparently without having the courtesy or the foresight to send it to the Minister who was addressing the House. It is something of an insult to the House that our proceedings should be treated in that way. Like the right hon. Gentleman, I have been here for 22 years, and in that time I do not remember letters being passed around the Back Benchers of any Government in that way.

The Minister did his best to put a brave face on the decision that he has to justify, but the truth is that it is a shabby decision. That is why he sounded both unconvinced and unconvincing. I approach the matter as an issue of principle. We have had a lot of exchanges about calculations and potential numbers, but at the bottom of this debate there lies a question of principle. It seems to me that we have not only a moral obligation to recognise those who risk their lives and who, as we heard in an eloquent speech by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), often make the ultimate sacrifice, but a moral obligation to fulfil. All the speeches that we have heard this afternoon have mentioned that moral obligation. When we come to vote in a little while, there will be a chance to fulfil that obligation in a way that the recipients undoubtedly deserve.

Earlier today the Prime Minister spoke about a stage-by-stage process, as if the Government had embarked upon a carefully planned journey, in which the rights of Gurkhas were to be enhanced over a period of time by a series of carefully considered measures. However, that is simply not true. Changes have been made during the lifetime of this Government because of the pressure in the House and the pressure outside it. We are only here today because Mr. Justice Blake partially upheld the proceedings for judicial review in the High Court. If he had not done so, does anyone think that the Government would have brought forward proposals of any kind whatever? They were compelled to do so because of that judicial decision.

Like others, I have a quarrel with the so-called qualifications. As others have dealt with them, including the right hon. and learned Member for Folkestone and Hythe, I do not need to deal with them further, except to say this. Although there may be persons other than officers who serve for 20 years, the curious symmetry between the 20-year period that was chosen and the length of service of officers has undoubtedly figured in the minds of those members of the public who have made it clear in their droves that they support the campaign to extend rights of residence to deserving Gurkha soldiers.

Another point that I do not think anyone has made, but which is worth drawing to the House's attention, is this. There appears to be a qualification based upon receipt of a decoration. That is a qualification based not on being brave, but on being recognised as having been brave. Anyone who has been engaged in conflict will say that some of the bravest and most selfless acts of heroism are committed by people who never receive any recognition of any kind whatever. The proposed qualification seems to me to be wholly artificial. The bravery lies in volunteering and in fulfilling a six-month tour of duty in Afghanistan.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Will the right hon. and learned Gentleman give way?

Sir Menzies Campbell: I am going to finish in a moment.

My objection is to the fact that there is discrimination between Gurkhas and citizens from Commonwealth countries; without all of them, many of the regiments in our Army would be sadly below strength.

All the indications are that those Gurkhas who have settled here have been good citizens, contributed to their communities, paid their taxes and done everything that might be expected of them. That is why I regard with some suspicion the suggestion that, were the criteria set out by the Government to be relaxed, there would be an inundation of people that would be deeply damaging to public services and things of that kind. If we introduce people into this country who are motivated, who want to be employed and who will be good citizens, that will be entirely for the benefit of this country. Look at the impact that the Asians who were expelled from east Africa have made in the time that they have been in the United Kingdom. That is the precedent that we should be concerned about, and no other. And that is as good a reason as any to vote for the motion.

3.29 pm

Derek Twigg (Halton) (Lab): The Gurkhas are superb, as the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) said. The Brigade of Gurkhas is doing a superb job in his constituency, and I have had the honour of visiting it. However, the Conservatives cannot have it both ways. The changeover in Hong Kong did not just appear on the horizon; they knew many years beforehand that it was coming, and that it would affect the Gurkhas—and, therefore, their terms and conditions—but they did nothing about it.

The real reason that I want to speak is my admiration for and involvement with the Brigade of Gurkhas during my two years as the Defence Minister with responsibility for Gurkha terms and conditions. I was proud to introduce and agree the new terms and conditions for Gurkhas, which are the best that they have ever had. I argued strongly in the Department for the extra money needed to support those new terms and conditions. I believe that the sum was £30 million a year, given the massive increase in pensions.

A number of issues need to be considered in relation to any decision to extend entry rights to former Gurkhas, some of which have already been alluded to today. It

[Derek Twigg]

was this Government who changed the immigration rules and allowed many Gurkhas to come in. We have heard that about 6,000 have settled here. We have also heard arguments about the figures. The Ministry of Defence team that dealt with Gurkha issues was superb, and I always had trust in what it provided me with as a Minister. When we look at the potential outcomes of such a decision, it is important that we do so with an open mind.

It is possible that not all the Gurkhas who have served in the armed forces would decide to come to this country. However, the evidence so far is that all those who have been able to do so have done so, and I suspect that a large proportion of the 36,000 to 40,000 who have served in our armed forces would come here, with their family members. We are talking about a large number of ex-Gurkhas and their families coming to this country.

The point was made about the effect of such a decision on other nationalities, including members of the Indian army. When we were dealing with the compensation for the far east prisoners of war, an appeal was lodged in London on behalf of between 40,000 and 50,000 former members of the Indian army from Pakistan and India. If we were to open the door, I do not believe for a moment that many of them would not seek to apply to come to this country, as well as many other ex-service personnel from other Commonwealth countries. I do not see how we could have a policy that says that it is okay for Gurkhas who have served this country to come here, but not okay for those others. I do not see how such a policy could legally stand up.

Mr. Woolas: I am grateful for those comments from my hon. Friend, given all his experience. In his time as a Minister, did he receive the advice that I have received on this issue—namely, that the abolition of the 1997 cut-off date would not only create a precedent for other groups but lead to legal action on behalf of perhaps hundreds of thousands of people?

Derek Twigg: That is absolutely the advice that I received. I dealt with many cases in which the Ministry of Defence needed legal advice during the various campaigns that were going on. I received very strong legal advice on this matter, and I adhered to it. There is a potential for such a decision to affect many tens, possibly hundreds, of thousands of people. I accept that we do not actually know how many people might be affected, but perhaps that is the point. There is a potential for such a change to affect many people, and we need to understand what that would involve.

I also want to talk about the effect on Nepal. The loss of that many people could be a major problem. First, there could be a brain drain, because the people who get through the Gurkha test and training are Nepal's best people, and they would be leaving the country to come here. That would clearly have an impact on their society, both socially and economically. Secondly, Gurkhas' pensions are currently paid in Nepal, but they would be paid here following such a decision. That would result in a significant loss of income in Nepal, which is one of the world's poorest countries. We need to take account of that as well. It is all very well to say that we need to stick with the principle and allow people in, but such a decision would have an impact.

Mr. Howard: But are not the Government of Nepal the best people to judge that? Did not they give unchallenged evidence in the court case that they had no objection to the Gurkhas being given the right to settle here?

Derek Twigg: I am suggesting that, given the potential numbers of people who would come here, there would clearly be a major impact, and I would be surprised if such a learned and intelligent gentleman did not understand that.

The pensions that are paid to Gurkhas represent a good amount of money in Nepal. It would not be seen as a good amount of money in this country, so there would then be a campaign for pre-1997 Gurkha pensioners to get the same pension as current Gurkhas and, therefore, the rest of the British Army. That would be a significant extra cost as well. So there is another implication of which we need to take account.

The fact is that when we agreed the terms and conditions—it took a number of years, as those matters were complex and difficult, and involved a lot of time and effort at the Ministry of Defence, the Home Office and elsewhere—they were widely welcomed by serving Gurkhas because there was a massive change in their circumstances. I announced the change and they were delighted that it was going to happen. We took that decision as a Labour Government, and we should not forget that this Labour Government made that massive change to Gurkha terms and conditions, which has given the best pay and pensions that the Gurkhas have ever had here.

On the immigration changes, if I have any criticism of the Home Office, it is that it has perhaps been trying to be too helpful in many ways and has tried to change things to allow more people in. As a result, it gives weight to the argument of those who want more changes to allow more people to have the opportunity to come to this country as well. There would be major implications for housing, jobs, benefits and health support if tens of thousands of people could come here and did so, although we do not know whether they would. That is a major consideration and we need to take account of it.

There are significant implications involved with changing the policy. Legally, we must go back to the point I made earlier: the advice I received was that such a change could open the door to many tens of thousands of other people coming to this country and we could not hold the line just for the Gurkhas, however much we may want to do so. In fairness, anyone who has fought for this country would have the same legal right as the Gurkhas. The fact that someone might have fought in the second world war and had in the past a chance to apply to come to this country would not cut much ice because the legal precedent would have been set. That is the key part of this debate.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): Will the hon. Gentleman give way?

Derek Twigg: No, I am sorry. Time is nearly up.

I say to the Government that obviously I have concerns about the 20-year rule. I understand what my hon. Friend the Minister said, but people might perceive that rule as disproportionately helping officers, who generally serve longer than the 15-year average. I ask him to have a look at that. It has, in one sense, come across to me

from my constituents as an unfairness in what was announced last week, but I stress to the House that it was this Government who made those massive changes to Gurkha terms and conditions and introduced the immigration changes.

We have created many opportunities for more Gurkhas and their families to stay in this country, which did not happen under the previous Government. While I understand the Liberal Democrats' point of view, they are too simplistic in terms of what they want and it does not take account of the implications for the Government, the country as a whole, our social institutions, our jobs and the economy.

I say to the Government, of course review the situation, but be aware of the many complications within this issue, which is not straightforward.

3.37 pm

Mr. Rob Wilson (Reading, East) (Con): During my brief and much curtailed comments, I shall highlight several real-life cases in the knowledge that the Minister will have to hear what is the real plight faced by those very brave Gurkhas.

I start by mentioning a true story of real heroism. Bhim Prasad Gurung, who lives in my constituency, was posted to Brunei with the 6th Queen Elizabeth's Own Gurkha Rifles in 1964. During a jungle operation, Mr. Gurung and a small group of his comrades were ambushed by Indonesian guerrillas. They did not have their weapons, as they had been locked away for the night in a store.

During the fierce and one-sided firefight that ensued, seven Gurkha soldiers were killed and the same number severely wounded. Mr. Gurung and the survivors somehow regained their rifles and took the fight to the enemy, but unfortunately they ran out of ammunition. Their wireless radio was destroyed and they could not call for help or support. Alone in the jungle, out of ammunition and surrounded by their dead and wounded comrades, they never gave up hope.

Mr. Gurung and his comrades roared out the famous Gurkha war cry, "Ayo Gorkhali!", which means, "The Gurkhas are coming!" Through their shouts of defiance, they terrified the enemy so much that, despite Mr. Gurung and his brothers in arms being outnumbered and without ammunition, their enemy retreated.

That is just one example of heroism displayed by those brave Gurkha soldiers. It is truly a disgrace, then, when they are forced to come to this country and live in destitution after their retirement from the Army.

Many of the brave Gurkhas who have settled in Reading have found themselves living in abject poverty. Former Gurkha Ash Bahadur Gurung served in the 6th Queen Elizabeth's Own Gurkha Rifles for 16 years. He lives with his wife and their 12-year-old daughter in a small, rented house paid for out of the basic salary of his son, who is in the British Army. He struggles to make his Gurkha pension of £25.67 last the week. He says that the main problem he faces is getting his daughter—she goes to Reading girls' school—to school, which costs £3 a day on the bus. That is a lot of money out of a £25 pension. Mr. Gurung's wife is not entitled to use the NHS, so she had to buy a pair of crutches and a wheelchair from the Red Cross after one of her legs was amputated after having cancer.

To treat anyone in such a way is dreadful, but to do it to the brave Gurkhas is a national disgrace. The Home Office criteria that were put out recently are immoral. I could not have put it better than Joanna Lumley, who said that she is ashamed of this Government. Today, the whole nation is ashamed of them.

3.41 pm

Nick Harvey (North Devon) (LD): We have had a good and lively debate this afternoon. My hon. Friend the Member for Eastleigh (Chris Huhne) started it off by reminding the House that we owe a debt of honour, which we are repaying with the penny-pinching mentality of an accountant, as the Government try to get away with the least that they think they can under the terms of the law court ruling. I do not know whether it will prove that they have done enough today, but I am perfectly clear that they have approached the task with as mean a spirit as they could. In the bandying of numbers between my hon. Friend and the Minister, we saw the absurdity of the Government's case.

I do not assert that the 1,350 whose cases are currently at the Home Office would be the end of the matter, but it is nonsensical for the Government to total up the maximum number and then bandy it about as representing those who are likely to wish to take advantage of such a right. We do not devise our immigration policies with any other part of the world, the free movement of citizens within the EU, or the policies that we adopt for Commonwealth countries, on the basis that every person who could avail themselves of them is likely to do so. It is a completely illogical approach to the issue.

I regret hearing Ministers do that, as they have the right to pat themselves on the back for what they did in 2004, and for their improvements to the conditions of Gurkhas, to which the hon. Member for Halton (Derek Twigg) referred. By doing what they did in 2004, and creating the entitlement for those who have served since 1997, they have crossed the line in principle. They have done the big thing, and are being dragged kicking and screaming on the smaller issue of who served before 1997. By creating mythological numbers, they are putting a stain on that for which they deserve congratulation.

I do not accept the logic of the 1997 threshold as those on the Conservative and Labour Front Benches seem to accept. The fact that the Gurkhas were garrisoned in Hong Kong until 1997 is of no real significance. The Government seem almost to have looked for something that happened in 1997—they might as well have asked who won the FA cup in that year, and hung everything around that. The point is of no significance. The Gurkhas were members of the British armed forces, and were sent to serve in different parts of the world, and it is of no consequence whatever that they happened to be garrisoned in Hong Kong. They cannot settle in Hong Kong—their service was not to Hong Kong or China, but to Britain. That gives them the moral entitlement to settle in the UK, and that is what we are debating this afternoon.

Mr. George Howarth: Will the hon. Gentleman give way?

Nick Harvey: I will not; I will come to the right hon. Gentleman in a moment.

GREAT BRITAIN HOUSE OF COMMONS
PARLIAMENTARY DEBATES (HANSARD)
2008/2009

Published on microfiche by ProQuest LLC
(formerly Chadwyck-Healey)
The Quorum, Barnwell Road
Cambridge CB5 8SW
England

Distributed in the USA by ProQuest Information and Learning
300 North Zeeb Rd
PO Box 1346
Ann Arbor
MI 48106 1346, USA

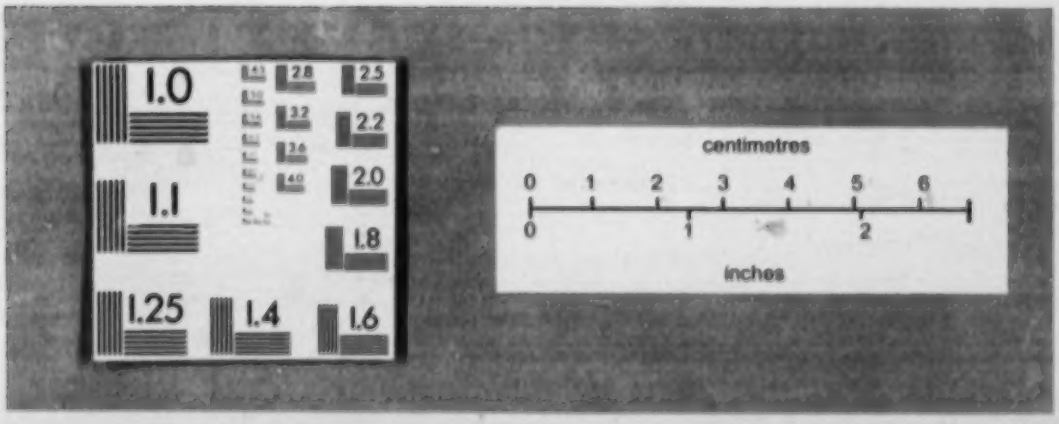
Date of publication: 2009/2010

Reproduction rights: © Parliamentary copyright 2008/2009. Reproduced by permission of the Controller of Her Majesty's Stationery Office.

Microfiche edition: © 2009/2010 ProQuest Information and Learning. All rights reserved.

Technical data: Film type: positive silver halide, archivally permanent microfiche conforming to AIIM and BSI standards.

Producing laboratory: Capita Total Document Solutions



[Nick Harvey]

A variety of Members who have Nepalese and Gurkhas living in their constituencies have rightly paid tribute to their contribution to civic society and the community. My right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) said that we should consider more broadly the role played by immigrants, and be more welcoming and open-minded towards the contribution that the Gurkhas could make if more of them came here in the future.

I listened with interest to the right hon. Member for Knowsley, North and Sefton, East (Mr. Howarth), who at the outset of his remarks set down a yardstick that he wanted the Government to clear. He said that in addition to their processing the 1,350 cases by a date in June, he wanted the review of those cases, which might lead to some amendment of the criteria that the Government have laid down, to be concluded by the summer recess. He seems to have been bought off rather easily with a letter from the Home Secretary, which, as has been mentioned, is a strange device in and of itself. The letter says nothing more than that the Government will begin the process by the summer recess; no indication is given as to how long it might take or when they might conclude the work.

Mr. Howarth: I think that the hon. Gentleman has misread the letter. What my right hon. Friend the Home Secretary says is that the Government will examine the implications of those 1,350 decisions straight away and will make a statement in the House about what the implications are for the guidance. There will then be, as he rightly says, another review, which will commence before the end of the summer. The implications of those 1,350 decisions will be analysed and brought to the House immediately, and we will understand better what they are.

Nick Harvey: The rest of us have not had the advantage of seeing this letter, but the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) made the point that ours is a debt of honour and we must judge the Government on their deeds, not their words. I very much agree with him that the most objectionable of the criteria that have been laid down is the one relating to the 20 years of service, for exactly the reason to which many hon. Members have alluded.

The Chairman of the Home Affairs Committee, the right hon. Member for Leicester, East (Keith Vaz), reminded us of the excellent letter that the Committee sent, which was signed by all of its members, from across the parties. He rightly urges us to take with "a pinch of salt" a letter from the Home Secretary that has been catapulted into this debate at this stage. He was also right to say that the suggestion that we should conduct an impact assessment on the effect in Nepal is bizarre. I say that because surely it was when the Government allowed those who have served since 1997 the right of settlement that those who would have the most direct impact on the Nepalese economy were allowed to come to this country. The young ones coming to this country with many years of wage earning ahead of them will have far more impact than a relatively small number of those whose service took place long ago.

The hon. Member for Halton asked why should we now open the doors to those who served in world war two. My father served throughout that war and he is now 90. The number of 90-year-olds across the world who are likely to wish to migrate to this country need not trouble or detain us for very long. That is a completely ludicrous way of examining the issue.

As my right hon. and learned Friend the Member for North-East Fife says, it was a shabby decision to respond to the court ruling in quite this mean and minimalist way. I agree very much with what the hon. Member for Thurrock (Andrew Mackinlay) said in his interventions. It is perfectly clear to me that the public in this country are of the overwhelming view that we owe a debt of honour to the Gurkhas. When I see on the Order Paper the range of names of hon. Members who have signed the various amendments, it is perfectly clear to me that opinion in this House across the board is also that we owe a debt of honour to the Gurkhas.

The hon. Member for Thurrock was right when he said that sooner or later the Government will end up losing this argument, having to give more ground and be seen to have done so with appalling bad grace, having been dragged kicking and screaming every inch of the way despite having had this opportunity to recognise the obligation and to do something in the spirit in which we owe. People who are prepared to fight and die for the United Kingdom deserve the right to settle and live in this country, and the sooner we recognise the debt of honour and repay it honourably, the sooner we will acknowledge these brave Gurkhas and everything that they have done for this country over 200 years. I commend the motion to the House.

3.49 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I thank right hon. and hon. Members for their contributions to today's debate. Unfortunately, while some have been well informed, some have been less well informed. We are deeply grateful to Gurkhas for their service in Iraq and Afghanistan—I have met some of them—and in previous conflicts. I will not disparage or decry those people who are campaigning for Gurkha rights, including the actress Joanna Lumley, who does so with conviction. I disagree with some of the things that she says, but I do not question her integrity.

As the Minister responsible for veterans, it is my privilege to take responsibility for Gurkha welfare. Two weeks ago I visited Nepal, where I met Gurkhas and the various organisations that support their welfare there. The impression given in the last week that Gurkhas are living in abject poverty and being ignored in Nepal is not the case. It is important that we consider the various types of pension. The service pensioners, as my hon. Friend the Minister for Borders and Immigration said, receive a pension that can be accrued after only 15 years service, so people can retire at 33 on a full pension. For privates, that means £173 a month. That is equivalent to the wage of a skilled technician. For an NCO, the payment is £240 a month, and Government Ministers in Nepal earn £234 a month.

Mr. Lancaster: Given the inconsistent approach that the Government of Nepal have taken to the recruitment of Gurkhas—it was an election promise by the Maoists

not to allow Britain to recruit Gurkhas—and following his discussions in Nepal last week, can the Minister update the House on the current position in the light of the ruling?

Mr. Jones: I will come to that point in a moment.

There are 26,000 Gurkha pensioners in Nepal. My right hon. Friend the Member for Leicester, East (Keith Vaz) asked how we know how many there are; we know because we are paying them pensions. Some £54 million is therefore going into the Nepalese economy. The DFID budget is only £56 million. Some have suggested that taking that money out of the Nepalese economy will have no effect, but that is definitely not the case. It is important to recognise that the service pensioners whom I met last week would not claim that they did not have a good standard of living.

I am sad that lawyers representing the Gurkha Army Ex-Servicemen's Organisation, which is involved in the campaign, failed to turn up for the meeting that I had arranged with them. They later issued a press release condemning me for not meeting them. The House should be careful when it comes to some of the tactics being used in this debate.

I asked some of the service pensioners whether they would want to come here, and most said, "No, but our families and children would." For those service pensioners, this Government have a proud record. The increase in their pensions over the past 10 years has been some 500 per cent., and we cannot just ignore the financial contribution that that makes to the economy of Nepal.

The second group of pensioners is the welfare pensioners, who did not accrue the service pension—like many who serve in the British Army—because they did not serve for long enough. In this country, they get no pension at all, but in Nepal they are paid the equivalent of £30 a month through the Gurkha Welfare Trust, which the MOD supports through a grant of more than £1 million a year and through administrative support. Then there is the medical care. According to some of the commentators, the Gurkhas want to come here because they lack medical care in Nepal, but that is not the case. Service pensioners and welfare pensioners get free primary health care, and their secondary health care is supported by the trust. Service pensioners, who already get a good income, also get a percentage of the cost of their care paid.

On the subject of the Gurkha Welfare Trust, may I put on the record our thanks to those people? They are doing a first-rate job and since my visit I have given a commitment that I will review MOD support and see what else we can do to help. Those people are truly inspirational, not just because of their help for Gurkhas but because of their charity work in villages and helping the wider community in Nepal.

May I address some of the points that were made in the debate. Quite clearly, the main Opposition party has a problem with this issue. Over the past few days, I have been trying to work out what its policies would be. For example, on Monday *The Sun* declared that the right hon. Member for Witney (Mr. Cameron) is now supporting the Gurkha campaign. Anyone can defy me if, after reading the article, they can say what conclusion he comes to. Today, we have heard a very clear policy. Under the regulations, there would be new criteria that allowed anyone who had served in Her Majesty's armed forces to settle in the UK. That would include personnel from India, Hong Kong, Malaysia, Burma, Singapore, Kenya and Rhodesia, to name but a few.

My hon. Friend the Member for Sunderland, South (Mr. Mullin) made a very good point about the Tory track record. When the Tories had the opportunity to reward servicemen and women, they did not. In the draw-down from Hong Kong, only one in seven of the Crown officers and able personnel was allowed in. We are seeing crocodile tears, I think. The Conservatives' policy would have an immense cost and would drive a coach and horses through the immigration policy of this country. I am glad that they have clarified that policy.

Let me clear up another point about the 20 years. The idea that only officers who served would qualify is not true. They all started as privates and 55 per cent. of the people who will qualify will not be officers.

The other issue that we need to clarify, which was raised by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), concerns the position of the Government of Nepal and the court case. The Nepalese official who gave evidence to the court case did so in a private capacity. There was nobody there from the Ministry of Foreign Affairs and the Nepalese Government have not given a view about whether they support Gurkha welfare or not.

Mr. Howard: On that point, will the Minister give way?

Mr. Jones: I am sorry, but I cannot—I have only three minutes left.

When I was in Nepal, I raised that point with the Nepalese Government. As the hon. Member for North-East Milton Keynes (Mr. Lancaster) said—he speaks with authority, and I wish that his Front Benchers would listen to him more on the subject of the Gurkhas—it is quite clear that the Nepalese Government had a position of opposing Gurkha recruitment. There is some silence on that point now. Have they expressed any opinion on the court case? No, they have not. I met senior members of the Government, including the Prime Minister.

May I address the issues raised by the hon. Member for Reading, East (Mr. Wilson). I am very concerned about the case that he raises. If he has a Gurkha constituent whose wife is not entitled to NHS help, I want to see that evidence so that we can take up that case and see what can be done to help. The hon. Gentleman also raised a good point. If people are to retire here on a Gurkha service pension, that small amount will not go very far in supporting them. There is a danger that the next position will be that we should offer retrospection on pensions to increase them to the post-1997 level. That would be a huge additional cost to the taxpayer that we must take into account when recognising that point.

There has been a lot of coverage over the past few days of the way in which the Government have treated Gurkhas. May I say that I think that we have done a lot for Gurkhas and their families, and that we are continuing to do that? We should be proud of that, as it is something that no other Government have ever done. As my right hon. Friend the Home Secretary has said, this is the

[Mr. Kevan Jones]

first time ever that settlement rights have been given to Gurkhas. Before 1997, only five had been allowed to settle. That shows our commitment. However, I advise people who debate this issue to put any motion to one side and look at the facts. Over the next few days, we need to look at the detailed work that the Gurkha Welfare Trust and other bodies are doing in Nepal to support Gurkhas. We are not talking about people living in abject poverty.

We have had a good debate today. Everyone in the House supports the Gurkhas and appreciates the bravery that they have demonstrated in previous wars and still show today. This Government are committed to the Gurkhas and, as the Minister responsible, I am committed to doing my utmost both for Gurkhas serving now and for those who served before.

Question put (Standing Order No.31(2)), That the original words stand part of the Question.

The House divided: Ayes 267, Noes 246.

Division No. 104] **[4.00 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Cawsey, Mr. Ian
Chope, Mr. Christopher
Clark, Greg
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cohen, Harry
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Glenda
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
Main, Anne
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Mason, John
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McIntosh, Miss Anne
McIsaac, Shona
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Morgan, Julie
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Palmer, Dr. Nick
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pound, Stephen
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, rh Mr. Andrew
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David

Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Vaz, rh Keith
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wood, Mike
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Alan Reid and Dan Rogerson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hodgson, Mrs. Sharon
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hughes, rh Beverley
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Marris, Rob
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie

Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Claire Ward and
Mr. Dave Watts

Question accordingly agreed to.

Resolved,

That this House regrets the Government's recent statement outlining the eligibility criteria for Gurkhas to reside in the United Kingdom; recognises the contribution the Gurkhas have made to the safety and freedom of the United Kingdom for the past 200 years; notes that more Gurkhas have laid down their lives for the United Kingdom than are estimated to want to live here; believes that Gurkhas who retired before 1997 should be treated fairly and in the same way as those who have retired since; is concerned that the Government's new guidelines will permit only a small minority of Gurkhas and their families to settle whilst preventing the vast majority; further believes that people who are prepared to fight and die for the United Kingdom should be entitled to live in the country; and calls upon the Government to withdraw its new guidelines immediately and bring forward revised proposals that extend an equal right of residence to all Gurkhas.

Damian Green: On a point of order, Mr. Deputy Speaker. In the wake of that devastating vote for the Government, have you had any indication that Ministers intend to come to the House and make an immediate statement about how they propose to change their policy, as the House has now spoken clearly?

Mr. Heath: Further to that point of order, Mr. Deputy Speaker. This is an historic defeat for the Government. It would be in order for a Minister to make a statement this very evening to explain how the Government propose to enact the clear will of the House to allow Gurkhas residence in this country.

Mr. Deputy Speaker: I am sure the House will understand that as the matter was decided only a few seconds ago, it is unlikely that I would have had any notice of any proposals by the Government. This is obviously an extremely serious matter and a very serious decision. I am sure all the occupants of the Treasury Bench— as well as the House of Commons—have heard what has happened today, and no doubt the Government will take whatever steps they feel are necessary.

Sri Lanka

Mr. Deputy Speaker (Sir Michael Lord): We now move on to a debate on Sri Lanka, and I must advise the House—*[Interruption.]* Order. We have more serious business to deal with. Will those who are leaving please do so not en masse, but quietly, and let us get on with the next business. I advise the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.17 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): I beg to move,

That this House is concerned that the fighting in Sri Lanka has already had a devastating effect on hundreds of thousands of civilians, with thousands killed and wounded, and many tens of thousands traumatised and suffering from lack of food, water and basic medicines; believes there is a real danger of an even greater bloodbath in the next few days if a ceasefire is not immediately agreed between the Sri Lankan Government and the Liberation Tigers of Tamil Eelam; further believes that access is vital for humanitarian assistance, human rights monitors and members of the international media throughout the conflict zone and to all internally displaced persons, each of whom must, like every Sri Lankan citizen, have all their internationally recognised rights guaranteed; calls for an immediate and permanent ceasefire and peace talks; urges the Government energetically to continue and increase its efforts within the United Nations, European Union and Commonwealth and with others to broker a ceasefire; and urges the Government to make it clear to all sides that those who are proved to have committed war crimes in this conflict will be in danger of arrest, prosecution and punishment wherever they go for the rest of their lives.

For once, it is welcome that the Foreign Secretary is not joining us for a Liberal Democrat Opposition day debate. Although we hope to hear from him in the House tomorrow on the subject of Sri Lanka, I am sure the whole House will wish him well—*[Interruption.]*

Mr. Deputy Speaker: Order. May I repeat what I said to the House? We have business to get on with now. It is important that the hon. Member addressing the House should be allowed to do so properly.

Mr. Davey: Thank you, Mr. Deputy Speaker.

As I was saying, although we hope to hear from the Foreign Secretary tomorrow on the subject of Sri Lanka, I am sure the whole House will wish him well as he visits Sri Lanka today, with the French Foreign Minister, Mr. Kouchner, even if his Swedish counterpart, Mr. Bildt, has been outrageously prevented from accompanying them. This trip by Foreign Ministers to Sri Lanka is an important European initiative, and we hope that it will combine with the efforts of others, especially those of the Americans and the Indians, to make both sides in that bloody conflict reflect hard and deep before the current nightmare turns into a total catastrophe.

I hope our motion may even add just a little to the strength of the message that the Foreign Ministers can convey, especially to the Sri Lankan Government. We tried to word our motion in a way that could garner support from across the House, so it is slightly unfortunate that the Government could not refrain from tabling their own amendment. I hope that Ministers might

reflect before 7 pm that if they decided not to press their amendment, it might be possible to unite all parties and send a unanimous message from the House of Commons.

Mr. John Gummer (Suffolk, Coastal) (Con): Does the hon. Gentleman agree that the Government would show themselves in a much better light and a much more powerful position if, just occasionally, they accepted that somebody else might have an idea which might be a good one and which they might support?

Mr. Davey: I am grateful to the right hon. Gentleman. After what has just happened, the Government may want to reflect on that. Nevertheless, in this debate I want to try to bring the sides together, because during recent weeks and months I have worked with colleagues from all parties in the House in joint efforts to persuade our Government and others to go the extra mile for peace. With others, we have engaged closely with the British Tamil community and heard and felt its distress and its heartfelt angry demands for a ceasefire. That amazing British Tamil community has brought its protest to the steps of Westminster and Whitehall, and I believe that it has made its voice heard with dignity in a peaceful protest and in an effective manner. Sometimes, for many of us, it has been difficult to experience its raw emotion, visit the crowds in Parliament square and see its graphic pictures, and not ourselves become deeply emotional about its struggle for peace and justice.

Jeremy Corbyn (Islington, North) (Lab): Like me, the hon. Gentleman has visited the Tamil demonstration on a number of occasions and he will have seen the 200,000 people who marched through London a couple of weeks ago. Is he not astonished that the majority of the British media absolutely ignored the issue and refused to report it until the last few days? As a result of that the Tamil community feels a sense of anger and isolation.

Mr. Davey: I absolutely agree with the hon. Gentleman. The British media should be asking themselves some serious questions, because the scale of what is happening in Sri Lanka, and the scale of the protest here by British citizens, should have been reported.

Simon Hughes (North Southwark and Bermondsey) (LD): I just want to reinforce that intervention and, I am sure, the mood of the House. A couple of hours ago, my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) and I were with the head of human rights of the Commonwealth, and one of the three Tamils who were with us could barely speak because her relatives are in the part of Sri Lanka that is affected. She has no contact with them. For all she knows, her brother is dead; he is certainly out of contact. On top of the 70,000-plus who are recognised as having died before this year, and the at least 6,000 already officially this year, there are every day further losses to people in this country as well as in Sri Lanka.

Mr. Davey: I totally agree with my hon. Friend. It is that emotion that we have all experienced from talking to our constituents that we bring to this debate. I will try to focus on the facts and the logic of the argument, but I hope that the House will bear with me if I too sometimes get quite passionate about this.

John Battle (Leeds, West) (Lab): I appreciate that, but to follow up the point made by my hon. Friend the Member for Islington, North (Jeremy Corbyn), the Sri Lankan Government will not let the media in, and we must press for that. If I may say so in front of those on the Government Front Bench, I was disappointed to see that the Government amendment to the motion has omitted the point about ensuring that internationally the press have a presence and report what is going on. It is important that we campaign for that.

Mr. Davey: I agree, and that is why it is in the motion, and it is even worse. I am sorry if we are always going that bit further, but let us remember that the Sri Lankan Government are suppressing their own media in Colombo, the Sinhala media, because many Sinhalese people are ashamed of their Government and many in the Sinhalese media want to expose what that Government are doing.

What is happening in Sri Lanka? On a small coastal strip of land in a so-called no-fire zone near the town of Mullaitivu on the far north-east of Sri Lanka are the remaining Tamil Tiger forces, who may number as few as 200 seasoned fighters. With them on an area of land of around 5 square miles are a large number of civilians. Estimates vary. The Sri Lankan Government give a figure of around 20,000, but some agencies say it is 120,000. Whatever the figure, it is clear that the conditions for those people are extremely bleak—little food and water, limited medical supplies that are fast running out and totally inadequate shelter. The International Committee of the Red Cross estimates that in excess of 1,000 wounded require urgent treatment. It warns that there is an imminent danger of an epidemic and severe malnutrition. On one side of that human mass there is the sea, and on the other there is the Sri Lankan army. Although there are mixed reports about who is firing what, there seems little doubt that heavy shelling of the no-fire zones, which is where the civilians are, has taken place, and my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) will, if he catches your eye, Mr. Deputy Speaker, talk about the satellite evidence that he has seen.

There are credible reports that such bombardment is continuing, and there is a clear sense that the Sri Lankan army is preparing for a final offensive. How did we get here—to this battle, on this strip of land, with those tens of thousands of civilians caught up in the midst of the fighting?

Malcolm Bruce (Gordon) (LD): My hon. Friend is making an important and powerful speech. He talked about the Sri Lankan Government's wish to achieve a final answer. Does he not agree that a final answer will not be achieved by the destruction of civilians and, indeed, the Tamil rebels, because millions of Tamils throughout the world will resent such a settlement? One cannot achieve a final settlement by military destruction.

Mr. Davey: My right hon. Friend makes the point that I shall touch on later, and I am sure that other hon. Members will want to repeat it.

We got to this situation in the short term because of a military push, begun this January by the Sri Lankan army, that has seen it take the key towns of Kilinochchi and Mullaitivu and the strategic causeway of the Elephant pass. In the fighting to take those towns, it is estimated

[Mr. Davey]

that, this year alone, more than 5,000 civilians have been killed, including at least 500 children, and more than 12,000 people have been injured. That recent fighting is only the latest episode in a deep dispute that goes back many decades. Essentially, it is an ethnic dispute between the Tamils and the Sinhalese, with the inter-communal violence beginning with riots and pogroms dating back at least to the 1950s. The Tamil Tigers were formed in 1975, and the current civil war is widely considered to date from 1983. Since 1983, well over 70,000 people have lost their lives. On top of that, there has been a massive outpouring of refugees, with an estimated 450,000 internally displaced people, large numbers of people who have disappeared and even larger numbers who have fled abroad, including to this country.

Today is not the time for a full history of the dispute and conflict, nor a detailed analysis as part of some attempt to allocate blame and responsibility. The main demand of the motion, of the protestors and of the international community is for a ceasefire, now. I pay tribute to the Prime Minister for ensuring that Britain was the first country to lead the global call for a ceasefire. Although I shall continue, with other MPs from all parts of the House, to push the Government to go further, I am grateful for the leadership that the Prime Minister has shown on this issue and for the courtesy that he has shown to me and other MPs in meeting us on several occasions.

Mr. Jim Cunningham (Coventry, South) (Lab): I thank the hon. Gentleman for giving way and, certainly, for bringing the issue to the House today. Does he not agree that one of our big obstacles is the attitude of Russia and China, in particular, to United Nations assistance and so forth?

Mr. Davey: The hon. Gentleman is absolutely right, and I shall touch on that very point in my remarks.

Despite my congratulations to the Prime Minister, the Minister will know that the Liberal Democrats, some Labour and Conservative MPs and, above all, Tamils throughout the world want the Government and the international community to do more—if necessary, much more—to achieve that ceasefire, pushing the diplomatic efforts to their very limits. Everyone who has studied the conflict recognises that obtaining a ceasefire now will be desperately difficult, but it is utterly vital if we are to avoid a massacre.

The Sri Lankan army clearly wants what it believes would be its final victory: to capture or kill all remaining Tamil Tigers and their leader, Prabhakaran, after 25 years of trying. The army believes that any massacre would be the Tigers' fault for not allowing civilians to leave, and it cites credible evidence that the Tigers have prevented civilians from leaving the coastal strip. But, the Tigers are committed not to surrender. It is a long-developed image or strategy that those hardened fighters wear cyanide vials around their necks to avoid capture.

The Tigers would probably argue that some of the civilians, at least, remain with them voluntarily for fear of what the Sri Lankan army might do to them. So we have, on one side, an army intent on crushing the Tigers and determined to avoid a ceasefire, and on the other, a small force, determined never to surrender, offering up proposals for a ceasefire but desperate for the civilians to remain with them as a human guarantee against the final attack.

At this dramatic hour, I believe that the international community, by hard argument and threats, has to persuade both sides to back away from the abyss of slaughter.

Keith Vaz (Leicester, East) (Lab): The hon. Gentleman was generous in his tributes to the Prime Minister and the Foreign Secretary; may I pay tribute to him for the work that he and his colleagues have done on this issue? Does he agree that this is not just about the EU's role? Although, of course, we welcome the visit of the French Foreign Secretary, and our own, to Colombo, the Indian Government—they, too, have called for a ceasefire—also have a very important role to play. Any discussions among the international community must include the countries in the region.

Mr. Davey: The right hon. Gentleman is absolutely right. We are in danger of having lots of self-congratulation, but I congratulate him on the efforts that he has undertaken from the Labour Benches and with Indian politicians whom he knows. For all of us working on this, that is very important.

Dr. Kim Howells (Pontypridd) (Lab): I agree with everything that the hon. Gentleman has said so far, but does he agree that it is very difficult for a state to put pressure on a non-state player, which is what the LTTE is? It has had a murderous history; it reinvented suicide bombings, and it has killed very many people. The Tamil people are ill served by it. I hope that he will tell us how such an organisation can be pressurised into some kind of constructive action other than the desperate act in which it is engaged of trying to ensure its own survival.

Mr. Davey: I have a lot of respect for the right hon. Gentleman as a former Foreign Office Minister, and I do not disagree with some of his remarks. His own Foreign Secretary has pointed out that democratic Governments have to abide by higher standards than such non-state actors, and I hope that he agrees with that.

The positive points that I want to make about how we can possibly get a ceasefire in this nightmare situation come not from the Liberal Democrats or the Government but from the International Crisis Group, which set out, only nine days ago, a set of sensible measures that I should like to share with the House.

Mr. Virendra Sharma (Ealing, Southall) (Lab) *rose—*

Mr. Davey: I would like to make some progress, and then I will give way.

First, the ICG calls on the Sri Lankan Government to halt their offensive—a self-evident but crucial first step given that they hold the cards. Secondly, and diplomatically, it speaks of a "humanitarian pause", rather than a ceasefire—to make it easier for the Sri Lankan Government—of initially a two-week period, overseen by the United Nations and the International Committee of the Red Cross. It is hoped that in those two weeks, relief supplies could be got to civilians who want to stay, and a humanitarian corridor could be

established for all those wanting to leave. The ICG wants UN agencies to be able to undertake a proper and full assessment of how many civilians are left, and their needs, to ensure that the relief is sufficient and appropriate. Thirdly, it calls on the UN and the ICRC to be part of a process, unhindered by the Sri Lankan Government that would bring strong, international guarantees of safety to any civilians or Tamil Tigers prepared to lay down their arms and cross over into Government-controlled areas. That is key. It is only part of the answer, but if the international community can give those guarantees, it is more likely that at least some of the Tigers may cross over.

Mr. Andrew Dismore (Hendon) (Lab) *rose—*

Mr. Davey: Let me just finish this point.

Finally, the ICG says that the Tamil Tigers must allow civilians to leave the area—an obvious point with which I think all of us in the House would agree.

The ICG is in no doubt that all that would be difficult, partly for the reasons that the right hon. Member for Pontypridd (Dr. Howells) mentioned, and it talks about serious international pressure on both sides. It speaks of pressure on the Tamil Tigers from the Tamil diaspora, and there are signs that many in the diaspora want to put that pressure on them, because they have relatives who are the civilians at risk. It mentions pressure on the Sri Lankan Government, especially from Sri Lanka's international funders. It rightly says that they must be told that all non-emergency development funding will end if there is a bloodbath. That is an important financial sanction that they must be made aware of.

The group also speaks of pressure on both sides, to be delivered to their leaders in clear statements by the wider international community, making it clear that

"they are liable to be held personally accountable for breaches of international humanitarian law".

In other words, the world has to use the strongest possible threats of future financial and legal sanctions on the leaders of both sides unless they step back from the brink.

Adam Price (Carmarthen, East and Dinefwr) (PC): Do the financial sanctions to which the hon. Gentleman is referring include the possibility of the UK voting against the $1.9 billion loan proposal for Sri Lanka that is currently in front of the International Monetary Fund?

Mr. Davey: The hon. Gentleman anticipates my next paragraph. I want to seek an assurance from the Under-Secretary of State for Foreign and Commonwealth Affairs, in her response, that the Government will oppose any proposal for that $1.9 billion loan that is put to the IMF—I do not believe that it has formally been put to it yet. It would be quite wrong to make such a loan at the moment. The IMF should seek the guarantees that we are all seeking, that our reasonable humanitarian demands be met.

Mr. Dismore: Does the hon. Gentleman agree that so far, the Sri Lankan Government have proved themselves utterly impervious to whatever representations and arguments are advanced to them? Indeed, they go out of their way to insult and libel those who criticise them. Does he also agree that one of the most important things for the civilians who are able to get out is that they are kept in decent, humane conditions, not in appalling conditions in what can only be described as concentration camps, which the Sri Lankan Government will not allow them to leave?

Mr. Davey: I agree on both points. The Sri Lankan Government have sought to curb free speech among democratically elected politicians in this House by harassing us and calling us white Tigers. They have also harassed councillors and political activists for speaking out in favour not of one side but of the human rights of all Sri Lankan civilians. That is not acceptable.

I hope that the whole House shares our view that the time has come for total clarity from the international community about the personal and political implications for all the leaders if they do not stop the fighting. That is why our motion asks our Government to

"make it clear to all sides that those who are proved to have committed war crimes in this conflict will be in danger of arrest, prosecution and punishment wherever they go for the rest of their lives."

It is those words that make our motion much stronger than the Government's amendment. I hope that the Foreign Secretary is making it clear to the Sri Lankan Government, at least in private, and to any representatives of the LTTE whom he meets, that if the fighting continues and the feared bloodbath occurs, leaders on both sides risk being personally prosecuted for war crimes.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): As well as trying to secure an end to the fighting, surely the priority must be to alleviate some of the worst suffering. Some 100,000 people have managed to escape the fighting into camps in the past week, but perhaps 50,000 remain. Is it not incumbent on the Sri Lankan Government to allow all the international agencies into the relevant areas to offer whatever assistance they can, which is vitally needed at the present time?

Mr. Davey: Of course I agree with the hon. Gentleman. I shall come to the camps of internally displaced people towards the end of my remarks, but I wish first to continue to discuss how we can get a ceasefire, which is the immediate problem. With that ceasefire, we could get more humanitarian assistance for those who are suffering.

Tom Brake (Carshalton and Wallington) (LD): I know that my hon. Friend has been reflecting on whether the term "genocide" should be applied to this situation. Has he come to any conclusion about that?

Mr. Davey: Not yet, but I shall wish to ask the Minister a few questions about that, because I know that it concerns many Members.

Joan Ryan (Enfield, North) (Lab): Will the hon. Gentleman give way?

Mr. Davey: I shall let the right hon. Lady in, as she has worked very hard on this issue.

Joan Ryan: I appreciate that. I simply wanted to reiterate that no one here—none of us who has worked on the issue—supports violence or fighting. I know that that is the hon. Gentleman's view. We want a permanent ceasefire. The previous ceasefire led to negotiations and it is important to recognise that the LTTE did not walk

[Joan Ryan]

away from them, thus ending the ceasefire. I believe that we can get negotiations that include everybody who needs to be involved and commit ourselves, as the Foreign Secretary has done, to a political solution. There is no military solution to the problem—it must be political. That must involve everybody. The Government of Sri Lanka have shown no commitment to a ceasefire, yet the LTTE have called for one on numerous occasions.

Mr. Davey: The right hon. Lady is right. When Prime Minister Wickremanayake was in power in Colombo in 2002, he ensured that the ceasefire agreement was concluded. A massive change occurred only when he was voted out of office—by only 200,000 votes; many Tamil people did not vote—and President Rajapakse's party came to power. Many Sinhalese, including many Sinhalese politicians, want to pursue the path of peace. No one in the House is taking sides. I believe that we are united in opposition to human rights abuses and violence, whoever perpetrates them.

Fiona Mactaggart (Slough) (Lab) *rose—*

Mr. Lee Scott (Ilford, North) (Con) *rose—*

Mr. Davey: I will give way, but then I shall make some progress. I give others who want to intervene that warning now.

Fiona Mactaggart: The hon. Gentleman hinted at the view that the Sri Lankan Government and other forces in Sri Lanka are promulgating: that somehow Britain is trying to tell them how to run the country. I believe that there is unanimity in the House that our role in any dispute in which we are not a direct partner is to uphold international human rights standards. That is the duty of any democratically elected politician; it is at the heart of the motion and the amendment.

Mr. Davey: I agree with the hon. Lady.

Mr. Scott: As the hon. Member for Hendon (Mr. Dismore) said, the Sri Lankan Government do not seem to be listening to anybody. Although we hope that the Foreign Secretary and France's Foreign Secretary achieve a ceasefire, if they do not and the Sri Lankan Government continue not to listen, has not the time come for a suspension from the Commonwealth until they listen?

Mr. Davey: We need to consider all those sorts of sanctions. President Rajapakse, his brother and his Cabinet appear to be unwilling to listen. As I have said, they need to understand that there are consequences if a so-called Government behave in that way.

I wanted to discuss the United Nations because I have been saddened by the failure to achieve a resolution and demand for a ceasefire at the UN. In public and in private, I have urged our Government to push hard for one. We have had a friendly debate, and the Prime Minister has argued forcefully with me that the danger of a veto by at least one of the permanent five members of the Security Council—I assume Russia—means that he will not pursue such a strategy. However, I wonder, given the stark reality in Sri Lanka, whether Russia or China might be persuaded at least to abstain. The right hon. Member for Kilmarnock and Loudoun (Des Browne) may be able to enlighten the House, given that he was recently at the United Nations, about the possibility of that. It would be fantastic because individual countries threatening future sanctions could, through a United Nations Security Council resolution, turn into the powerful voice of the world speaking as one.

Des Browne (Kilmarnock and Loudoun) (Lab): I am grateful to the hon. Gentleman for giving way, although, given that he invited the intervention, I suppose he needed to give way.

I join other hon. Members in complimenting the hon. Gentleman on his introduction to the debate and on the fact that we are holding it. I hope to catch the Deputy Speaker's eye and make a short contribution later.

The hon. Gentleman is right that I was in the United Nations building recently. I engaged with many people, and told some that I would respect their privacy, so I will not talk about them. However, on the hon. Gentleman's precise point, I was in the presence of our ambassador to the United Nations and members of the UK mission with ambassadors of at least one of those countries to which he referred, if I can put it that way.

Let me tell the hon. Gentleman that, from extensive recent experience of diplomacy in conflict and post-conflict situations, I am satisfied that our people in New York could not do any more to generate the flexibility that we need from those who are not like-minded with us on the issue to get it before the Security Council in some fashion or another, if he understands what all that means.

Mr. Deputy Speaker: Order. I understand the right hon. Gentleman's dilemma in wanting to intervene briefly but finding it very difficult to do so because the matter is so complicated, but let me tell the House that there is already a 10-minute limit on Back-Bench speeches and a number of hon. Members are seeking to catch my eye. One hon. Member's intervention can cost another hon. Member a speech. I do not want to curtail debate in any way, but I just hope that all hon. Members will remember that. If the right hon. Gentleman is seeking to catch my eye later, perhaps he would be better off making his remarks then, rather than proceeding now.

Mr. Davey: I hope that the right hon. Gentleman will be third time lucky.

Just four years ago—I hope that the right hon. Gentleman will be able to reply to this point in his remarks—the United Nations committed itself to the doctrine of the responsibility to protect. We have to start making that mean something. In this case it surely means that the United Nations would have international legitimacy in acting. However, if this case is another example of where the United Nations does not act, I fear that it will add to a history that is not good for its credibility. I am not suggesting that we may see a failure that is comparable to what happened in Rwanda, but we could get close.

If genocide is not already occurring, as many allege that it is, there must be a fear that it could occur. I understand that the legal definition of the crime of

genocide contained in articles 2 and 3 of the 1948 convention on the prevention and punishment of the crime of genocide is very tight. Many mass killings that have taken place round the world, and which we condemn in the strongest terms, would not fit that definition of the crime of genocide. Yet Professor Francis Boyle, a professor of international law at the university of Illinois, believes that there may already be a case, and he has some credibility, because he won two orders from the World Court using the genocide convention in relation to the former Yugoslavia. I would therefore like the Minister to tell the House whether the Foreign Office has sought or is prepared to seek legal opinion on whether what is happening constitutes genocide. It is incumbent on us as a signatory to the convention to do that at least.

I do not think that the wider international community has made its voice heard nearly loudly enough on the issue, or that it has used all the tools to get the ceasefire. The Commonwealth, which was mentioned earlier, has been too quiet. We are told that it is working "below the radar". I only hope that it is being as direct as it needs to be. I also hope that the Commonwealth does not come to regret not opting for the route of public pressure. As for the Indian Government, their recent change of heart is welcome. It is good that they now appear to be asking the Sri Lankan Government to hold off, but that has come rather late and does not have a lot of credibility for many Tamils in Britain and around the world. I would therefore like to hear from the Minister what else the Government are planning to do to persuade other Governments to join the Europeans and the Americans in urgently building a bigger and far more determined international coalition to stop the bloodshed.

We also need to remember in this debate that many people outside the immediate conflict zone are suffering greatly. Indeed, within the Vanni region there are a large number of camps established by the Sri Lankan military to hold civilians escaping the fighting and others displaced by the months—indeed, years—of conflict. Some estimates suggest that internally displaced people in the Vanni region alone number more than 180,000. We hear that the Foreign Secretary is today visiting one of the so-called welfare villages near the town of Vavuniya. I hope he is asking some tough questions about what is happening in those camps, because there is credible evidence that the rights of Tamil civilians in them are being seriously restricted.

Last night, I was e-mailed by one of my Surbiton constituents, Mrs. Dashora, who fled here in 1983. She told me that three of her family members had recently gone to a camp near Vavuniya, and that they had reported to her that the situation was, if anything, worse. There was little food, and there were severe restrictions behind barbed wire, with families separated and no contact with the outside world except for those who had some sort of telephone.

We understand that the Sri Lankan army is trying to screen the displaced people in the camps, to weed out any Tamil Tigers, but the stories that we are getting about that screening—and, indeed, the evidence from Tamil refugees who have come to this country following previous outbreaks of violence—fill me with alarm. That is why our motion says that

"access is vital for humanitarian assistance, human rights monitors and members of the international media".

People might wonder why Tamils feel as they do about these army camps; it is because of the history of such camps for displaced people in previous outbreaks of fighting. The Sri Lankan army has promised to resettle all displaced people, but that simply has not happened in the past. Thousands of Tamils were kept in camps such as these for years and prevented from returning to their villages because the army had designated 30 per cent. of the Jaffna peninsula and coastline a militarily sensitive zone. We must press for international oversight of all these camps.

I have not spent much time today detailing the history, attributing blame, setting out a long-term solution to the conflict or second-guessing what will happen after either the bloodbath that we fear or the ceasefire we crave. But I will make one personal and one political point on these matters before concluding. Personally, I have developed some great friendships in the Tamil community in my constituency. That has not been difficult: Tamil people are among the kindest and most cultured people I have ever met. It has also been necessary for me to get to know many Tamils, because they have needed my help, primarily with the Home Office. Through that work, I have heard some horrific stories of torture and of gross violations of human rights. Such people included Tamils who never supported, and never wanted to support, the LTTE, until the LTTE became, in the eyes of the majority of Tamils, the only real voice left to the Tamil people.

So I accept that, over the past 12 years, I have heard most about this conflict from one side. Yet I and other colleagues in the House have always focused, straight and true, on the human rights of every Sri Lankan citizen. I am not, as was discussed earlier, a white Tiger. It just seems to me that many ordinary Tamil people have suffered appallingly over the decades at the hands of some Sinhala politicians who have opted for the nationalist, ethnic path all too readily.

This brings me to my political point on what must happen now. President Rajapakse must propose, for discussion with the Tamils, a constitutional programme including devolved autonomy, protection of minority rights and economic development for the Tamil areas of Sri Lanka, at the very least. Why? Because his military solution is not a solution. Only negotiations and peaceful politics can produce a solution. Defeating the Tigers in the coastal strip round Mullaitivu will not solve the dispute. A bloodbath would only sow the seeds of bitter hatred and violent struggle for many more years to come.

In moving the motion tonight, let me be clear about why the ceasefire is so important. Yes, it is about stopping the killing now, but it is also an essential ingredient for getting the permanent and just peace that all sides must surely want. Without the ceasefire, this struggle might continue through 25 more years of killing.

4.54 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"strongly supports the efforts of the Government within the United Nations, the European Union, the G8 and other international bodies to bring about an end to the conflict in Sri Lanka, to open the way for an international humanitarian relief effort and to

[Gillian Merron]

promote a process of political reconciliation; welcomes the £7.5 million the Government has already committed to the relief effort; supports the Foreign Secretary's joint visit to Sri Lanka with his French counterpart; endorses the Government's calls for the government of Sri Lanka and the Liberation Tigers of Tamil Eelam to declare an immediate ceasefire and to allow the civilians trapped in the No Fire Zone to leave unhindered, facilitated by the UN; urges both parties to the conflict to allow full and unrestricted access for humanitarian aid to be safely delivered; supports the Government's efforts to persuade the government of Sri Lanka to allow international oversight of all internally displaced persons, including a transparent registration process and improved conditions within the camps with better access to food, water and medical facilities; urges the government of Sri Lanka to allow freedom of movement in and out of the camps so that families separated by the conflict can be reunited; and endorses the Government's efforts to persuade the government of Sri Lanka to initiate a process of political reconciliation with all speed as the only way of ensuring a lasting peace between the communities."

I can assure the House that the Government have tabled this amendment simply in order to set out the full scale of international concern and action.

I know that many right hon. and hon. Members have worked tirelessly on behalf of their constituents to draw attention to the truly appalling humanitarian situation in Sri Lanka, and I shall endeavour to be as concise as possible, as I am keen to hear their contributions to today's debate.

We value the Tamil community and the important contribution that it makes to British society. The demonstrations here in London and elsewhere across the world show the understandable depth of feeling in a community where, as we have heard, many have seen their friends and relatives killed or injured in the conflict, or remain concerned about the safety of their loved ones.

The conflict between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam—otherwise known as the Tamil Tigers—is, as we know, in its 26th year. Definitive figures are not available, but that conflict shocks us all in that it is widely believed to have claimed more than 70,000 lives. Even more shocking is the fact that the United Nations estimates that, since January, 400 civilians have died every single week.

As is the nature of long-running wars, the weight of suffering is felt most acutely by civilians—men, women and children who did not and do not choose to go to war, and certainly have no wish to die. For every one of those 70,000 lives lost, the lives of many others have been shattered. This is the human cost of that conflict.

Even today, about 50,000 civilians remain trapped between rebel Tamil forces on one side and the Government forces on the other. They are caught in a conflict zone of just 5 square miles, with nowhere to hide. No army could possibly wage a war in that small an area, containing that many civilians, without causing many deaths.

The LTTE and the Sri Lankan Government must abide by their obligations under international humanitarian law and do everything possible to protect civilian lives. So we call on the Sri Lankan Government to call a ceasefire and on the LTTE forces to allow civilians to leave the no-fire zone.

Keith Vaz: Will my hon. Friend pass on the thanks of the House to the Foreign Secretary for making the journey to Colombo? I know that he has just called for another ceasefire—he has sent a letter to all Members of the House—but in keeping with the spirit of the debate, can there be discussions between the usual channels to ensure that the House does not divide on the issue? The Liberal Democrat motion before the House is similar to the Prime Minister's amendment. It would send a powerful signal, while our Foreign Secretary is in that country, if the House united behind one message.

Gillian Merron: I hear my right hon. Friend. I thank him and the hon. Member for Kingston and Surbiton (Mr. Davey) for their generous and gracious support of the Foreign Secretary, who is indeed in Sri Lanka on our behalf promoting our overriding priority, which is the prevention of further civilian death and suffering.

As the House has heard, the Foreign Secretary is in Sri Lanka with French Foreign Minister Kouchner. I spoke with the Foreign Secretary by phone this morning to receive an update. I can tell the House that in meetings with the President and others, the Foreign Secretary pushed hard for full UN and non-governmental organisation access to civilians in the camps and elsewhere. He visited some of the camps near Vavuniya in the north. While there, he told me of the disturbing accounts that he heard of families being forcibly separated as they tried to flee the fighting.

The Foreign Secretary also confirmed to me just how clear it is that the LTTE is preventing civilians from leaving the conflict zones. The use of civilians as human shields is abhorrent and must end.

Visits to Sri Lanka by the British and French Foreign Ministers, along with the visit earlier this week by the Under-Secretary of State for International Development, my hon. Friend the Member for Worcester (Mr. Foster), send a powerful message to the Sri Lankan Government that the plight of civilians is an issue of international concern. The visit by the cross-party group of MPs next week will do likewise.

Civilians have always been our No. 1 priority. I again thank the hon. Member for Kingston and Surbiton for his supportive remarks about the Prime Minister, who was the first Government leader to call for a ceasefire back in January.

We welcomed the two-day ceasefire that took place earlier this month, but it did not achieve the objective. It was not enough time, and the LTTE prevented all but 300 civilians leaving the conflict zone. Since then, the Prime Minister has spoken to the Sri Lankan President twice to make clear our profound concerns about the continuing situation. He called for an end to the fighting and for civilians to be allowed out to find the safety they deserve. The Sri Lankan President issued a statement a few days later, saying that the Government would

"end the use of heavy calibre guns, combat aircraft and aerial weapons which could cause civilian casualties."

But that is also not enough. Only a full ceasefire will allow all civilians to leave the conflict zone and reach safety.

Barry Gardiner (Brent, North) (Lab): All hon. Members will have noted what my hon. Friend and the Sri Lankan Government have said about stopping the barrage, heavy gun attack and bombing. Is she confident that that has stopped, however? Many Members believe that it has

continued unabated. The much-vaunted use of small arms fire only has not taken place. There is duplicity from the Sri Lankan Government.

Gillian Merron: It is not possible to be confident, as my hon. Friend inquires, simply because the international presence on the ground is insufficient, as I will outline. The situation is difficult to verify, so much of the Foreign Secretary's work has been to demand unfettered international access.

Adam Price: Given that the Sri Lankan Government and their military are implicated in the slaughter of their own citizens, possibly deceiving the world in doing so, at what point is it no longer acceptable for Sri Lanka to continue as a full member of the Commonwealth?

Gillian Merron: On the matter of the Commonwealth, our view, and the international view, is that it is better to keep engaging with the Sri Lankan Government. That is our way forward. Isolation will not produce the forward look that we need. Although the matter was not on the Commonwealth ministerial action group's formal agenda, I took the opportunity to raise the UK Government's concerns about the situation in Sri Lanka.

The Government's second priority is to ensure that those civilians who escape the fighting get the help that they need. An estimated 180,000 people have managed to flee the fighting so far. They are in, or travelling to, internally displaced persons camps. The UK is helping to provide the equipment, food and water needed by those in the camps. Last week, the Prime Minister announced a further £2.5 million in humanitarian aid, bringing the UK's contribution to £7.5 million. I assure the House that all of that is directed through international agencies and none goes through the Sri Lankan Government. The Sri Lankan Government's obligation is to ensure unhindered and safe access for international aid, so that it gets to where it is needed. We have seen some progress in the past week, but more needs to be done. We call on the Sri Lankan Government to grant full access to international humanitarian agencies, which must be able to do their work and satisfy themselves over the arrangements for civilians leaving the conflict area.

The internally displaced persons camps must be apolitical and non-military, and deliver effective aid to traumatised people. Better access to medical facilities, food and drinking water must be provided, along with transparent registration processes. We were pleased about the arrival this weekend of 5,000 United Nations High Commissioner for Refugees tents, the transportation costs for which were covered by the United Kingdom Government. However, delays in getting Government clearance for those and many other things meant that people suffered unnecessarily. The camps must be run properly and be temporary. We will hold the Sri Lankan Government to their promise to return 80 per cent. of internally displaced persons to their homes by the end of the year.

That leads me to our third priority: to find a long-term political solution to the conflict.

Mr. Davey: This is a small point, but why 80 per cent. by the end of the year? A huge number of people are being kept in these camps, so why? Are the Government asking the Sri Lankan Government and the Sri Lankan army that question?

Gillian Merron: I understand the hon. Gentleman's concern, but the reason is that this is about what is possible in putting the infrastructure in place and demining. This will not be the end of the story, but it is about being realistic about meeting and assisting to meet things in that way.

Jeremy Corbyn: I am pleased that the Foreign Secretary is in Sri Lanka urging an urgent ceasefire. I realise that the Minister is coming to this in her speech, but does she accept that a ceasefire is not in itself enough to prevent a resurgence of fighting at some point in the future? There has to be a political engagement with all the representatives of all shades of Tamil opinion; otherwise, a ceasefire would merely postpone the horrors of today to the disasters of tomorrow.

Gillian Merron: I absolutely agree with the assessment set out by my hon. Friend, because he rightly says that although conventional military action could be drawing to a close, an end to the fighting does not mean an end to the conflict. The Sri Lankan Government must know that some LTTE members will simply switch to guerrilla warfare to continue their fight. As we have heard today, there can be no military solution to this conflict; there can only be a political one. Ultimately, it is for the Sri Lankans themselves to resolve this conflict. That is why the UK and others have for years pressed the Sri Lankans to begin a political process that takes into account the legitimate aspirations of all communities in Sri Lanka—the Sinhalese, the Tamils, the Muslims and others. The Sri Lankan Government must show the boldness and vision necessary to find a lasting solution to more than 25 years of conflict.

Andrew George (St. Ives) (LD): The Minister is right to say that although the Sri Lankan Government crave a military victory, there is a big difference between that and a military solution—that will clearly not be delivered as a result of the actions in which they are engaged at the moment. She seems to be saying that peace is a process rather than a single event. What practical contribution have the UK Government been offering in recent months and years to a peace process? It is clear that both sides must engage in order to achieve the long-term sustainable peace that we all crave, and that the whole of the Tamil community needs to be fully engaged in that kind of political process.

Gillian Merron: I am coming on to discuss the role of the international community, so I shall just take the next intervention.

Peter Bottomley (Worthing, West) (Con): The Minister and the hon. Member for Kingston and Surbiton (Mr. Davey) were right to say that what happens in the medium and long term is what will matter most. For now, may I ask the question about the emperor's clothes, as it were? Do we believe that the LTTE can be left controlling populations and holding territory in the short term?

Gillian Merron: The answer to that question is that we need to be thinking about what we can do in the international community in order to make progress. To repeat a point, it is important to say to the Sri Lankan Government that even if they think that a military

[Gillian Merron]

solution is an answer, they must consider the day after the end to that, when they think the military solution has delivered the result. Our concern is that no thought, no planning and no preparation is being done.

Mr. Andrew Love (Edmonton) (Lab/Co-op) *rose—*

Gillian Merron: I shall give way to my hon. Friend, but then I shall make some progress.

Mr. Love: Just to remind the House, there are three sides involved in this; we ought not to forget the Muslim community, which has distinct needs in the Sri Lankan context. The Sri Lankan Government will argue that they already have a process under way—the All Party Representatives Committee. It is important for the international community to convince the Sri Lankan Government that that process does not have Tamil community support, and that if we are actually to get a peace process under way, we need to bring all sides—all shades of Tamil opinion—into it.

Gillian Merron: As I have just said, and am happy to reiterate, the answer can be the answer only if it brings together all communities. There is no other way forward.

The UK is working with the international community to build a co-ordinated international response, which is, of course, the most powerful way forward. The UK has taken a leading role in bringing Sri Lanka on to the international community's agenda. We have closely co-ordinated with others, particularly the US, France and India, and the Foreign Secretary has issued joint statements with the French and Americans. We have played an active role in securing renewed calls by the EU Foreign Ministers and the G8 to ensure that civilians are protected.

With regard to the UN, we welcome the personal focus that the UN Secretary-General has given to Sri Lanka, and his statements on the plight of civilians. We have also supported the separate visits to Sri Lanka by the UN representatives for humanitarian affairs and for internally displaced persons, as well as by the Secretary-General's chef de cabinet. It is important that they were able to see the appalling situation for themselves.

Despite opposition, we have successfully worked for these representatives to give informal briefings to the Security Council. The UN has a vital role to play in keeping the spotlight of international concern and action focused on Sri Lanka. We believe that a UN Security Council resolution would be an effective demonstration of the views of the international community. However, as right hon. and hon. Members will know, not all permanent members of the Security Council believe that it is appropriate for the Council to discuss this issue. Without the agreement of all permanent members, we cannot get a resolution. My real concern is that if we went forward with a resolution and it was vetoed, we would have an even worse situation, because the Sri Lankan Government would simply say, "The UN has agreed with us that no action should be taken". That would not be a good outcome for the people of Sri Lanka.

The matter of war crimes is very important. This conflict has been taking place in the shadows due to the limited international presence. Actions must be fully investigated, and if war crimes have been committed they should be identified. But, as in all conflicts, it is difficult for investigations to be made while the conflict is ongoing. Under international law, the primary burden for investigation rests on the authority against whose forces allegations of war crimes are made.

Tom Brake: What is the Minister's view on the role of the Commonwealth and how effective it has been so far? Can she think of any circumstances in which Sri Lanka should host the Commonwealth Heads of Government meeting in 2011?

Gillian Merron: I have already mentioned the Commonwealth and my input on the Commonwealth ministerial action group. We continue to work with the international community, including the UN, the EU and the Commonwealth, to alleviate the situation in Sri Lanka.

Our No. 1 goal is the protection of civilian lives. Both sides must do the right thing by those they claim they are fighting for. We will be unstinting in our efforts to press the Sri Lankans to ensure that they meet their obligations under international law. Lord Malloch-Brown, the Minister with responsibility for Asia, will meet the Sri Lankan Foreign Minister next week to continue this effort. We will not waver until the lives of the innocent are no longer under threat and lasting peace has been brought to this troubled country.

5.14 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I congratulate the hon. Member for Kingston and Surbiton (Mr. Davey) on introducing this short debate. I also want to congratulate all members of the Government on the efforts that they have made over the past few months in a very difficult situation. All Members of the House cannot but be moved by the despair of the British Tamil community, highlighted by the demonstration outside Parliament, over what is happening to their friends and relatives.

This is the third time that this subject has been debated in the past two or three months. We had a debate on 5 February and another on 24 March, and powerful speeches were made by hon. Members from all parties. Hon. Members will be relieved to hear that I do not intend to speak for half an hour, reiterating all the points that have been made. I merely want to try to emphasise two or three points, tying together—as I see it—the problems of achieving an immediate ceasefire and a somewhat longer-term solution. This situation has been bedevilled on both sides by extremists who have used terror and counter-terror, with truces declared and broken, to further their particular political interests. That has happened recently with both the Sri Lankan Government and the LTTE.

Enormous efforts have been made by individual Governments and by the international community to attempt to force both sides to come to a ceasefire. At different stages, neither side has found it in their interests to do so. That is not to say that the efforts that have been made have been nugatory and should not have been attempted. An important, powerful point concerns the way in which this House, on the whole, has spoken with one voice. That has had an impact—although not a particularly great one—on the Sri Lankan Government.

Apart from anything else, I think that they thought that they had had a more sophisticated public relations campaign over the past few months.

The immediate problem is not only to achieve a ceasefire but to bring in humanitarian aid to those people who are now concentrated in camps to which there is limited access. There are tens of thousands of them and I think that the fear of many outside observers is that the Sri Lankan Government intend to weed out people from those camps whom they regard as terrorists. It is very important that we not only have international observers there but members of the media, including members of the media in Sri Lanka.

Of course, a ceasefire is also required to prevent the final overrun of the last bit of territory held by the LTTE, where tens of thousands of innocent civilians are suffering from both sides. The Sri Lankan Government are still using aerial weapons, artillery and air strikes. We know that from the UN representative. Equally, as the former Minister at the Foreign and Commonwealth Office, the right hon. Member for Pontypridd (Dr. Howells), pointed out, the LTTE armed wing is made up of a particularly vicious and nasty bunch of people. They have forcibly put young people into their fighting groups and used civilians as screens. We should not absolve ourselves from that.

I am not trying to be negative, but I do not genuinely believe that the Sri Lankan Government will agree to a ceasefire. I think that they believe that they are so close to achieving a military victory that they will do anything to stop one. I do not think that there is anything that the international community or the British Government can do to force them not to achieve that military victory, as the Sri Lankan Government see it. That is not to say that I do not think that we should shout from the rooftops about what they are doing. The problem that they face, as a number of hon. Members have pointed out, is that that military victory will be pyrrhic. They will achieve a military victory but they will immediately face the problem of dealing with the Tamil community in Sri Lanka. They will probably then come under enormous pressure and will feel that they have to give in to international observers and the United Nations. We should be thinking now about what pressure we can bring at that point and what we want to demand of the Sri Lankan Government.

As other hon. Members have said, in every conflict that we can think of, this kind of military victory will result in the surviving members of the LTTE carrying out terrorist acts, not only in Sri Lanka but worldwide, on a scale the likes of which the Sri Lankan Government have not yet seen. So what I urge colleagues to think about is that we continue to maintain the pressure on the Sri Lankan Government, through the sort of action that the Foreign Secretary has been carrying out. We must also recognise that the Sri Lankan Government are incredibly sensitive and touchy about what they believe is white, colonial interference in their internal affairs. For example, the appointment of the right hon. Member for Kilmarnock and Loudoun (Des Browne) as a special envoy was effectively negated by them. In addition, they have refused permission for the Swedish Foreign Minister, Carl Bildt, to enter Sri Lanka, for reasons that seem very much based on interference—in other words, the Sri Lankan Government believe that they are defending their right.

We all believe that that is stupid and nugatory, but I suspect that we will have a very limited window of opportunity to bring real pressure to bear on the Sri Lankan Government after they have achieved their so-called military victory. That is because—this is my final point—the pressure will be off them then, with the international media moving on to some other horror story elsewhere in the world. The British Tamil community, quite rightly, will expect more of us, but it is at that point that the British Government will really have to engage with the Sri Lankan Government.

Ironically, I think that the Sri Lankan Government will be at their weakest then. In wishing to achieve a military victory they have ignored all the negative aspects, such as the fact that they are in serious financial difficulties, and that may be what allows us to exert some pressure.

Mr. Clifton-Brown: My hon. Friend he is making a very prescient and powerful speech. Does he agree that, in the similar conflicts that took place in South Africa and Rwanda, one of the important parts of the peace process was the establishment of some form of truth and reconciliation committee? That worked very well in South Africa, and also in Rwanda, where the Gacaca court system was used for that purpose. The result has been that people caught up in the conflict have been brought back into the democratic, peaceful process.

Mr. Simpson: I agree with my hon. Friend, and I am not trying to be a Jonah, but I believe, sadly, that there will be a lot more violence, and a lot more innocent people killed, before we reach that stage. I think that we are in for a long haul.

I congratulate the Government and those of our colleagues who have worked so hard on the matter. We need to keep up the pressure on the Sri Lankan Government through the spotlight of media attention, but we must also think about what will happen when they declare their pyrrhic military victory, because the Tamils are not going to go away.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the House that the 10-minute limit on Back-Bench speeches comes into operation now. Bearing in mind the numbers of colleagues who wish to contribute to the debate, and if everyone is to be heard, I hope that speeches will not be too much extended by interventions.

5.23 pm

Joan Ryan (Enfield, North) (Lab): It is relevant to remind ourselves that we are talking about up to 6,500 people killed since January. The fact that even official accounts now put the number above 5,000 gives us a little perspective.

I worry when I hear talk about more violence. There may well be, but it is very important that we stand here and say that there must not be. I also worry that, although none of us approves of what is happening, we almost seem to be saying, "We can't stop the Sri Lankan Government. This is internal to that country, so they reject everything that we say, the envoys that we send, and even the Swedish Foreign Minister. That's not fine, but there's nothing we can do about it."

[Joan Ryan]

I do not accept that there is nothing we can do about what is happening in Sri Lanka. I am very relieved that our Foreign Secretary is in Sri Lanka, and I pay tribute to him for making the trip at this crucial point in time. I agree with the hon. Member for Kingston and Surbiton (Mr. Davey) that this is an important point in time. If Sri Lanka is on the verge of a bloodbath, there could not be a more important time for our Foreign Secretary to be there, making it absolutely clear that what is happening is not acceptable.

Sri Lanka must move to a permanent ceasefire. We attach no preconditions to the negotiations that must follow; it is not for us to do so. However, it is right that we and the international community call for an immediate, permanent ceasefire, and for negotiations to start—negotiations involving all parts of the community in Sri Lanka, as has been said. I am pleased that our Prime Minister was the first international Government leader to call for a ceasefire. That is important leadership, and many others need to follow suit. I have no doubt that that was critical to ensuring that India made clear its view that a ceasefire was required. Our Government have made huge moves that have had a huge impact, but we are still not where we need to be.

A lot has been said about the UN, and I, too, have made it clear that there should be a UN Security Council resolution. Through all the debates, I think that we have all come to understand that China and Russia are obstructing international efforts to reach agreement. We are well past the point at which it could be said to be unhelpful to identify where the problem comes from, in terms of ensuring that the international community can act. To go back to my first point, if we are not to say, "Well, there's nothing that we can do; Governments get to do these things in their own country", and are instead to say, "This is a humanitarian and human rights catastrophe, and it is completely and utterly wrong", we have to act through the UN. Therefore, it is right that we should identify where the problem is.

China and Russia are obstructing international efforts to reach agreement, but where the UN Security Council fails to act to maintain international peace and security, a provision exists to overcome disagreement among its five permanent members, namely the "Uniting for Peace" resolution. It enables an emergency special session of the General Assembly to be called for by a procedural resolution of the Security Council, which, unlike substantive resolutions, cannot be vetoed by any of the five permanent members. I am not an expert on the UN, and I have had to do a bit of research to discover those technicalities and means of progressing things there, but the "Uniting for Peace" resolution seems to offer a way forward, if it is not possible to get the kind of resolution for which hon. Members on both sides of the House have been calling.

Mr. David Burrowes (Enfield, Southgate) (Con): I congratulate the right hon. Lady on the stand that she is taking on behalf of the members of the Tamil community who are spread across the borough of Enfield. The Under-Secretary of State said that she would not want the Government to be in a worse position as a result of a failed UN Security Council resolution. Can the right hon. Lady think of a worse position than the one that the Tamil community are in, as they face slaughter?

Joan Ryan: That is an important point to take on board, but we have to consider whether a failed UN Security Council resolution would be interpreted by the Government of Sri Lanka as a form of approval of their behaviour. Equally, I agree with the hon. Gentleman: how could things be much worse for the Tamil community? That is why I think that, however much blocking there is at the UN, it is time to find a mechanism to open up the issue there. It is time to point to those permanent members of the Security Council that are, through their behaviour, allowing the human rights catastrophe to happen. They are preventing the UN from fulfilling its role, remit, and international obligations, and so are preventing the rest of us members who are party to those obligations from fulfilling ours. If the "Uniting for Peace" resolution offers a way forward, I urge the Minister to look at it. Although we have problems with two permanent members of the Security Council, there are many others to whom my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) and other hon. Members have spoken in recent days and weeks. Those countries support our disapproval of what is happening in Sri Lanka and are trying to force the Sri Lankan Government to reach an immediate ceasefire. It undermines the Secretary-General's position if his call for a ceasefire is completely ignored, if not brushed aside. I therefore hope that that will be looked at.

I should like to make a point about the application for a loan from the International Monetary Fund. The Sri Lankan Government, as we have heard, has applied for an emergency support loan from the IMF of $1.9 billion, and they appear to believe that they should be able to receive that without any conditions. To agree to an IMF loan to a Government who have perpetrated gross violations of humanitarian and human rights law would be a breach of the UK's international obligations, so that is another avenue through which our Government can bring pressure to bear on the Sri Lankan Government. We should provide aid, but it is completely wrong to do so against the backdrop of a Government who have spent 25 per cent. of their gross domestic product on arms. They are not at war with anybody—they are, however, at war in their own country—and have gone to the IMF for a loan. That is not what an IMF loan is supposed to be about, and I hope that we will do all that we can to stop that being made available.

To return to the point that I made in my intervention on the hon. Member for Kingston and Surbiton, there is no military solution. The Sri Lankan Government may think that they are going to achieve military success, but it will not be a victory. No Government can achieve military victory over their own people, and all the people of Sri Lanka deserve a settlement that will be just and lasting and that gives everyone in that country the rights that they deserve as citizens of that country. The Sri Lankan Government should not dismiss out of hand all the calls for a ceasefire and all the offers of a ceasefire. I accept that they and others have reservations about dealing with everyone in peace negotiations. I accept, too, that there has been violence on both sides. As I have said, no one in the Chamber condones violence or fighting: we want an immediate and permanent ceasefire; we want peace; and we want negotiations. We set no preconditions—we have no right to do so—but it is not unreasonable to make those demands.

One might ask whether we have any right to make demands of another Government. I believe that we do when human rights are under threat and a humanitarian catastrophe is unfolding before our eyes. Those are exactly the circumstances in which we have the right to make those demands. We make them here as a Parliament representing hundreds of thousands of British citizens who are Tamil people desperately concerned about their families and friends. We have that right as members of the UN. We must see that ceasefire, and we need it now. That is what the Foreign Secretary has called for again today, and I wholly support his making that visit and that call.

5.34 pm

Susan Kramer (Richmond Park) (LD): I want to acknowledge in particular the importance of the Tamil community in making sure that the international community finally gives a high priority to the suffering of the Tamil people in Sri Lanka.

Last week, I was privileged to go with three members of the Tamil community to Strasbourg to meet the EU External Relations Commissioner, Mrs. Ferrero-Waldner. I was joined by Members of the European Parliament, and we were all acting in a cross-party capacity, rather than representing one particular party. It was evident from that conversation that, at that time, the issue was not a priority on the agenda of the meeting of Foreign Ministers that was to take place on Monday. We have now progressed so far that our Foreign Secretary and the French Foreign Minister are in Sri Lanka tackling the problem directly. I congratulate the British, French and Czech Governments on making sure that the subject moved so rapidly up the agenda and gained the priority that it deserved. I also congratulate those young Tamils, whose eloquence made a significant difference on that day. The Tamil community fired up the political world not only here, but in other European capitals. That has been extraordinary, and we should recognise the role that they played.

I turn briefly to the welfare camps; I am trying not to use the full amount of time that I have been allotted. I talked yesterday with some of the humanitarian agencies, which obviously have long-standing contacts in Sri Lanka. Hon. Members who have spoken in the debate have quoted the numbers said to be going to the welfare camps. The report back is that the situation is horrendous. The Sri Lankan Government have long been in denial that many civilians were involved. Consequently, there is a shortage of absolutely everything and the system is completely overstretched, creating a present and imminent humanitarian crisis.

The second set of issues to which the humanitarian agencies tried to draw my attention is that rumours are rife that people going to the camps are disappearing—young men are disappearing, presumably thought to be possible members of the LTTE who have taken off their uniform; and young women are disappearing, and the rumour is that they are providing, shall I say, comfort services. Whether that is true or not, the issue will enflame the Tamil people in both Sri Lanka and the diaspora, and it underscores the importance of stressing to the British Government and others that the UN and the ICRC must become responsible for supervising all stages of the screening process when people enter and leave the camps. That must be documented and there must be the appropriate database. If not, rumour will be so out of control that it will be very difficult to secure any benefits when there is some degree of ceasefire.

Barry Gardiner: I agree entirely with the powerful point that the hon. Lady is making. She will know that there is a history of the United Nations High Representative on human rights being denied access in the pursuit of investigations of wholesale abuses and mass graves that have been found over the past decade in Sri Lanka as a result of atrocities perpetrated by the Sri Lankan army. The point that she makes about the rumours that are rife lends credence to all that has gone before, and indicates that it is not safe for civilians who are still within the zone to hand themselves over to the Sri Lankan forces and to go into the camps. That presents a severe humanitarian problem, on which we must force the Sri Lankan Government to act by allowing transparency in what is going on in those camps.

Susan Kramer: I entirely agree with the hon. Gentleman's point about transparency. It must be made clear to the Sri Lankan Government that there is no loss of face in bringing in the international community. That is not a presumption of guilt. It is part of the structure for creating peace out of conflict.

With reference to the camps, it is crucial that people are resettled as quickly as possible. One number we have not heard today is that of the more than 300,000 displaced people who are in camps as a result of the conflict prior to 2002—people who have not been able to return home because of the high-security camps established in the east of the country. That cannot be repeated in the valley, or we will find ourselves with a long-term and constantly festering problem in Sri Lanka. That will take international community pressure to achieve—offers of international help for demining are a good example—as well as the provision of resources. Humanitarian organisations tell me that the scale of the problem is bigger than that of the tsunami in Sri Lanka—the number of families involved and the need for shelter, for livelihood support, for infrastructure reconstruction and for dealing with trauma post-crisis.

Mr. Love: Not long after 2002, when the ceasefire was implemented and things began to go somewhat off the rails, the international community came together and offered a large sum of money on the basis that a ceasefire and a peace process could begin and be completed. Is that something that the international community could consider to get things moving in Sri Lanka?

Susan Kramer: I agree that money must come with conditions and money will be needed. Again, I do not consider that to be some violation of the dignity of any Government. There must be freedom of access and freedom of movement, and those standards of humanitarian law and international law have to be restored.

It is evident in this crisis that the suffering will have been for no point at all if it does not lead to a permanent solution in Sri Lanka. That means that the conversations must begin as immediately as possible on the underlying grievances. As was said earlier, that applies as much to the Muslim community as it does to the Tamil community—to all minority communities in Sri Lanka. There has been a move by the Sri Lankan Government

[Susan Kramer]

towards a Sinhala Buddhist bias, which has had the effect of denying other communities their proper rights and role: equal opportunity, freedom of language and freedom of religion. Only if the structure is put in place to achieve a pluralistic society will these long-standing communities—the Tamil community has been for centuries a kingdom on the lands of Sri Lanka—have the kind of resolution that is needed and, as others have said, we will be able to prevent the development of the ongoing sense of terror that comes of grievances that are not addressed either by the home Government or by the international community.

5.42 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I am 49 years of age, I have been an elected politician for 27 years and my political and personal lives tell me that when someone is bullied, they must stand up and shout, no matter what minority they are part of and no matter what the chances of success might be.

What disappointed me about the contribution of my hon. Friend the Under-Secretary was that it undermined and belied the bravery that our Foreign Secretary is showing by visiting Sri Lanka and making a stand when other people and organisations around the world will not. He is making a stand when other diplomats—his advisers in the Foreign Office—tell him not to go. Whatever the outcome of his visit, he will always have my support for his decision to break the logjam in every international organisation that is not prepared to stand up and do something.

I could paper my walls with the letters that I have had saying, "We don't like to stand up. We like to do things under the radar." That is not the way to deal with the Sri Lankan Government. We all know that diplomacy will not shift the Sri Lankan Government. Only the loud opprobrium of the world, in whatever way it can happen, will do that. Brave people can achieve great things. Organisations that decide to turn away, not look, not see and be mealy-mouthed, will not save one life.

My Easter recess was spent out on Parliament square with a group of people who showed great bravery and great desperation. They did things with which I sometimes did not agree, but their motivations are first class and their attempt to bring this matter to the world's attention has been incredibly successful. Despite the little media coverage over the past few weeks, it is 100 per cent. more than before and 100 per cent. more than all of us have managed to achieve. I applaud the protestors on their success, but now it is our time for us to make our stand. It may not be successful and we may fail, but we have to try, because we all know that, when this is all over, we will see more dead, injured and displaced people than we currently understand. It should not happen on our watch. Our responsibility is to do something, to stand up and to be brave.

5.45 pm

Mr. Lee Scott (Ilford, North) (Con): I join others in paying tribute to our Prime Minister, who has met the all-party group on Sri Lanka on two occasions, and to the Foreign Secretary, who met the all-party group and a packed room of Tamils; I do so because of the situation's severity. This is our third debate in the Chamber, there have been numerous debates in Westminster Hall and many words have been spoken by all parties. We all want a ceasefire, an end to the killing of innocent people, humanitarian aid, non-governmental organisations to be allowed in and peace for all in Sri Lanka.

The truth is, however, that we have not got anywhere. There is a reason for the protests in Parliament square, and I, like the hon. Member for Mitcham and Morden (Siobhain McDonagh), who spoke before me, went over there during the Easter recess to meet the protestors. They have my admiration for the dignified way in which they have tried to conduct themselves. There have been times when I have not agreed with everything that has transpired, but they have been trying out of desperation, because they do not know what else to do. They feel let down, which is why my constituents in Ilford, North come to me and say that they are worried about whether their relatives are alive or dead, and whether they are being humiliated. We hear reports, as the hon. Member for Richmond Park (Susan Kramer) said, and I do not know what is true, but I have seen video evidence that seems to show that atrocities are taking place daily.

The hon. Member for Mitcham and Morden rightly said that we have to be the voice. We have to be the voice of the people who elected us, and whose relatives are losing their lives daily and being herded around like cattle. If we cannot be that voice, we should all hang our heads in shame, because we betray the people whom we are here to represent. I also agree with the hon. Lady that whether we succeed is not in our gift; the Sri Lankan Government will not listen to us if we say, "We want a ceasefire", because they do not seem to care what any of us say. The minute that we open our mouths and say anything that they do not like, they portray us all, as the hon. Member for Richmond Park said, as backing terrorists. But I say once again, as I have said in previous debates, that I do not support terrorism from any side in any shape or form. I support innocent people trying to live their lives with dignity.

The time has come for us to continue to speak out for people who are not able to voice their concerns, because they are not being listened to. If the Sri Lankan Government will not listen—whether it be to the United Nations, the European Union or the Commonwealth—and introduce a ceasefire, the time will have come for their suspension from the Commonwealth. A veto may not succeed in the United Nations, because someone may stop it, but at least it will exist. Will it make the situation worse? Will the Sri Lankan Government say that it gives them a mandate? They do not have a mandate to do anything; no one has a mandate to kill innocent people.

We cannot stand by and allow that to happen, so together across all parties we are fighting to stop it. Let us continue that fight, and let us help the people across the road, and the people in Sri Lanka who are being killed every day. If we do not, we should bow our heads in shame, because we will have let them down.

5.49 pm

Des Browne (Kilmarnock and Loudoun) (Lab): I think that everybody in this House feels the weight of the nature and scale of the suffering in Sri Lanka and believes that it has been endured for far too long.

When making my contribution, I will observe the time constraints set down by the Chair. I heard what the hon. Member for Mid-Norfolk (Mr. Simpson) said, and I do not intend to repeat all the statistics that the hon. Member for Kingston and Surbiton (Mr. Davey) ably rehearsed to illustrate the scale of the challenge that faces us.

Members of Parliament across the Chamber have rightly paid credit to other Members for their contribution to this growing campaign, which has made some contribution to where we are today, although there is still a long journey to be travelled before we can be satisfied with what any of us have achieved. I want to pay special tribute to my right hon. Friend the Member for Enfield, North (Joan Ryan) and my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh), who, since the middle of February, when I agreed to be the Prime Minister's special envoy to Sri Lanka, have constantly been at my ear doing just what they have done today—speaking out passionately, eloquently and with a great degree of humanity about this issue, but at the same time ingeniously trying to find ways in which the whole process move towards the sort of conclusion that we all desire.

It is because we all feel the weight of responsibility in the current situation that I agreed to the Prime Minister's request to act as the special envoy to Sri Lanka. In doing so, I followed in the distinguished and capable footsteps of my right hon. Friend the Member for Torfaen (Mr. Murphy), who was appointed special envoy to Sri Lanka at the request of the Sri Lankan Government in 2006. He was entirely the right person to be appointed, because he was—I hope that he does not mind my describing him in this way—a workhorse in the Northern Ireland peace process and did a lot of the work for the Government and for others that people did not see. He was welcomed in Sri Lanka by those on both sides of the conflict; his presence there was celebrated. He spelled out in meetings—I have read the records—the steps that needed to be taken for a lasting peace and for the resolution of this conflict, which has continued for far too long.

The lessons learned by those of us who have been involved in trying to resolve conflicts not only in Northern Ireland, but elsewhere, still apply.

Mr. Love *rose—*

Des Browne: If my hon. Friend will excuse me, I do not intend to use the whole of my 10 minutes and will therefore not take any interventions.

All hon. Members know from our experience of debates, particularly on Northern Ireland, exactly what we need to do to create an inclusive peace process that has no preconditions attached to it, respects the rights and aspirations of all parties in a diverse community, and leads to a lasting peace. I had no illusions about my ability to resolve decades of conflict, but I wanted to make a small contribution in that context on the island of Sri Lanka. I have felt frustrated by my inability to do that thus far, but I have never given up on the opportunity to do so at some stage, if I stick at it.

Now there is a greater challenge—a humanitarian crisis and a situation that can be resolved only by a ceasefire and agreement to the conditions that I understand the Sri Lankan Government have agreed with John Holmes, Walter Kaelin and all those who have intervened with them and have been accepted on the island to discuss the matters that Members have raised about international supervision, conduct, and care of the people who come out of the conflict zone.

If hon. Members present, and those who hear this speech otherwise, will forgive me, I do not intend to rehearse all the steps that need to be taken, because I agree with what everybody has said. I want to say that the Sri Lankan Government have invited me to go to Sri Lanka with an all-party group of Back-Bench Members of Parliament. Those who have agreed to come with me are distinguished, serious and well-qualified Members of this House; I will not identify them because I have not agreed with them that I can do so. In any event, the applications for visas are with the Sri Lankan Government as I speak, and I want to ensure that they are processed and that we get to go.

I close by saying that I intend to go with that group to Sri Lanka to deliver on behalf of the House the message that it agrees today. I agreed to be the Prime Minister's special envoy to work with and for the Government but not be of the Government, but I am a Member of this House. For that reason, I hope that the parties' Front-Bench teams can get together and discuss what we are debating today, and give us a message that we can take to Sri Lanka that does not have behind it the division implied by a vote in this House. It will be much better if we speak with one voice, which we do. In five or 10-minute speeches one Member might give slightly different emphasis from another, and connections with people in our constituencies or elsewhere might rightly cause us to deliver certain messages, but we all agree about this.

We should speak with one voice and empower the small group of people from all parties who have bravely and readily agreed to come with me next week to deliver a very strong message. In that way, perhaps we can be one institution that says to the Sri Lankan Government and the people in the conflict, "This killing must stop, and there are very simple steps that can be taken to allow all of you to emerge from this with dignity and live in peace."

5.56 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I thank the right hon. Member for Kilmarnock and Loudoun (Des Browne) for his contribution, for the efforts that he has already made, for working with colleagues in all parts of Parliament and for facilitating some of the Tamil community going to speak directly to people of influence in the European Union, the American State Department and Administration and, almost certainly within two days, the United Nations. They are very grateful, and his efforts are much appreciated.

Unlike some colleagues, although not others, I do not come to this matter because of a great constituency obligation, as I have almost no Tamil constituents. I come to it because when I was elected 25 years ago, I was alert to the fact that there was a fundamental constitutional problem in Sri Lanka that, unless it was resolved politically, could lead to the sort of crisis that we are in. When it became independent, the majority community built in its Sinhala Buddhist majority constitutionally. It did not accept that Sri Lanka should be a pluralist country of Buddhists, Hindus, Muslims, Christians, Burghers, Tamils and Sinhala. It did not

[Simon Hughes]

understand that India is the great country that it is because it had understood that point just over the water, and because it is a secular state where people can rise to the highest office irrespective of their religion and where there is devolution to its various states. I saw that there was a potential problem, and those of us who have been in the House together for those 25 years know that history has borne that out.

We know that there have been further disasters since then, such as the tsunami. We know that the Sri Lankan Government have gradually committed more of their budget, which they need for schools, education and other things, to defence and internal security—I believe that it is currently about 20 per cent. It became obvious over the past few years that the situation would become worse when, as colleagues have said, Louise Arbour of the United Nations and the international press were asked to leave. It became obvious when almost all the international relief agencies were asked to leave, with only the International Committee of the Red Cross and Caritas having any significant presence in the north, and when the editor of the *Sunday Leader* was assassinated and nobody was brought to book. Nobody has been brought to book for a succession of assassinations. The result was becoming more obvious.

As friends in all parts of the House have said, there is now a crisis in Sri Lanka—a catastrophe before our eyes in a fantastically talented, beautiful, cultured place. However, it is a crisis also for the international political system. The pleas of the right hon. Member for Enfield, North (Joan Ryan) and the hon. Member for Mitcham and Morden (Siobhain McDonagh), for whom I have great respect, those of friends in the Conservative party, those of my hon. Friend the Member for Kingston and Surbiton (Mr. Davey) and all my colleagues and those of the right hon. Member for Kilmarnock and Loudoun in New York reflect the fact that the systems have not moved in time to deliver the outcome. That is not good enough. The world cannot go on letting any Government, let alone the Government of a so-called democracy and a country that is part of the Commonwealth, behave in such a way, so alienating and suppressing their minority that they build up hostility potentially for generations.

Like others, I have spent heart-aching moments across the road in the past three and a half weeks since 6 April. I have been over the road every day bar two, and I was in the United States with three young British Tamils on one of those. I have in my hand a letter written by the students who came on to the streets as a result of what was happening in Sri Lanka. They were not organised; they were not a group that formed part of the existing structure of the Tamil community. The young people came on to the streets because they could not stand it any more. They made five simple requests. I shall repeat them because they are so simple, yet so fundamental.

The letter is dated 13 April. It states:

"Dear HM's Government and its citizens,

As students, we request that you fulfil our and"—

they name the young man who remains on hunger strike in Parliament square today—

"Subramanian Parameswaran's requests, which are:

1. An immediate and permanent ceasefire by government troops, the LTTE and any others engaged in military action in Sri Lanka.

2. Immediate and continuing access to all parts of Sri Lanka by representatives of the United Nations or any organisation chosen by them before and after the ceasefire.

3. Immediate access to all parts of Sri Lanka by the International Committee of the Red Cross and other international humanitarian aid agencies.

4. Immediate access to all parts of Sri Lanka by independent representatives of the international press.

5. An opportunity for all the Tamil citizens of Sri Lanka freely to express their opinion about their future in a referendum which would take place with independent international observers."

Those are not the pleas of irrational and unreasonable people. When I spoke to the young people and their friends, they added to their absolute priority—the ceasefire—immediate access so that the human rights of all are protected, as my hon. Friend the Member for Richmond Park (Susan Kramer) and others said.

I have spoken to humanitarian workers who have been asked to leave the north. They said that the whole of the north is effectively a detention camp. I have an e-mail, written on 24 April, from one of the bishops of the Church in the north. It simply states:

"The suffering and hardship that the... 30,000 IDPs are undergoing after arriving in Vavuniya are beyond human expression."

I want to request specific things that add to but do not dissent from the unanimous and strong views that have been expressed here. It is important to urge the UN to continue to do more—let me reinforce the voices that have called for that. The UN must not only hear reports, but take a view. It has a right to intervene to protect minorities around the world, and it must do that.

The EU has important levers. It has been asked whether it can help with financial support through the GSP—generalised system of preferences—plus, which is a method of helping with textile concessions to the garment industry. We must not let the EU help Sri Lanka if Sri Lanka does not participate properly in the international community.

Mr. Love *rose—*

Simon Hughes: If the hon. Gentleman will forgive me, I want to allow others time to speak.

We are grateful to the secretary-general of the Commonwealth for seeing us. The Commonwealth must convene its ministerial action group and make it clear that Sri Lanka must uphold human rights. The Commonwealth says that its members must do that, and it must effect that. It is as nothing if it does not take a stand at such moments of crisis.

As the right hon. Member for Leicester, East (Keith Vaz) said, India and the United States—I was privileged to be in the State Department and with White House officials last week—are probably the two countries that are most able to exercise influence. We pray that they take every opportunity to use their influence now, not only to get the ceasefire, but the protection, the human rights observation and the international relief that is needed.

It would be completely unacceptable if the International Monetary Fund loan was granted in the present circumstances. I am not worried about the technicalities of the rules, but to give £1.9 billion to Sri Lanka in these circumstances would be completely unacceptable, and other non-emergency funding must not go there either.

I absolutely endorse what my hon. Friend the Member for Kingston and Surbiton said. The Americans are clear, as we must be, that anybody who has committed war crimes should expect to be brought to trial and treated in a way that gives justice to all. The evidence is there—I have seen it—that heavy armaments have been shelling in the civilian zone and it will prove that the Sri Lankan Government, as well as others, are guilty of those sorts of crimes.

There will need to be peace and a political process in the future, and it will need to recognise the Tamil people's claim to self-government. In the end, nothing else will be acceptable. However, just as people in this country, in Canada and in the Lebanon have understood these issues, so must Sri Lanka understand them too.

Unless we respond effectively now, the international community of young people and the Tamils around the world, who include some of the brightest and best in this country, will not just have found us wanting in their hour of need; they will have found the international community failing. Unless we show that politics can work, we will be failing them and failing politics.

6.6 pm

John Battle (Leeds, West) (Lab): I welcome this debate and would like to say a word of thanks to the Liberal Democrats for choosing this topic this afternoon. After 26 years and perhaps more than 70,000 dead—400 a week—we all have some responsibility both for not raising the profile of the issue much earlier and more often and for not pressing for action.

I speak not as a person who has many Tamil families in their constituency; rather, I come to this debate from the viewpoint of international development, human rights and campaigning for basic justice and peace. We have failed to raise the issue's international profile. As well as passing resolutions at the UN, we ought to be pressing the UN on behalf of the international community to get in there.

I want to make two points about taking action. One is to do with humanitarian aid and assistance, which the hon. Member for Richmond Park (Susan Kramer) mentioned, and the other is about the media. Not that long ago in this Chamber we discussed the crisis in Burma. What did we all do, in all parts of the House? We pressed for international action to get humanitarian aid to Burma, despite the Burmese authorities saying no, and it happened—it happened to a limited extent, but it did happen. The press are not there, but the aid got through.

We have to take the crisis seriously as a humanitarian crisis. We have seen reports since January 2008, when the ceasefire collapsed. We have seen violence and conflict and the death and immiseration of thousands, and still too many people are affected. The rumour is that 100,000 people are still trapped in the conflict zone, cluttered in makeshift shelters and completely exposed to the crossfire right now. That is a humanitarian crisis. We should not wait for the politics to be sorted out. Instead, we need the UN to get in there and, in a sense, interfere and stop what is happening by ensuring that civilians are protected, because that is what we and the UN should be about.

The Sri Lankan army moved on the northern towns that were controlled by the Tamil Tigers, but the rumours are that some 50,000 civilians are still trapped there. When the Sri Lankan army moved into Mullaitivu, 250,000 civilians were driven out into the neighbouring countryside. Hundreds were killed, but it is reported that those people are still desperate, without any resources whatever. That is precisely the sort of situation that the humanitarian agencies of the UN ought to deal with, by getting in there, interfering and mixing it to ensure that those people are properly protected.

More worryingly, the International Committee of the Red Cross has reported that 250,000 civilians have received no humanitarian aid at all since 29 January. Still no safe corridors have been properly negotiated for those civilians to be evacuated. As the hon. Member for Richmond Park said, the Sri Lankan Government claim that they are setting up so-called welfare villages for internally displaced persons, but they are not monitored and there are fears that they will be more like Government detention centres than humanitarian aid camps. Practical support and help is therefore needed in those areas. It is reported that there are 180,000 Tamils in or waiting to enter the camps for internally displaced persons, many of whom are women and children and many of whom are maimed and damaged. They are victims of shelling and warfare and they need humanitarian assistance in the form of practical medical help and support, and food and water, now.

Yesterday, it was reported that a British surgeon working for Médecins sans Frontières said that 320 people had turned up at a hospital with 40 places. The health systems are being overwhelmed by the damage caused by this conflict. As a result, the victims of land mines, shells and shrapnel are turning up at hospitals and not getting any assistance whatever.

Keith Vaz: As has been mentioned, when the United Nations seeks to intervene in a humanitarian way—the visit of Sir John Holmes is an example—all it gets is condemnation from the Sri Lankan Government. That is why we must have a resolution from the UN, to give the international community the authority to act. What this Government have done is superb, but we need the UN's imprint if we want the Sri Lankan Government to listen.

John Battle: I completely agree; this is not an either/or. Of course, if any action is to be taken by the UN, resolutions need to be passed. It is time for the international community to hold hands and to say that this is a humanitarian crisis. We might not be able to sort the politics out tomorrow, but we need to act now because of the humanitarian issues. That means that, in practice, there needs to be unrestricted access for the delivery of humanitarian aid. Such aid was delivered in Burma, and in East Timor during the conflict some years ago, as a result of the UN's arranging for ships to be parked off the coast or near the ports. I made suggestions about that in the House at the time. That could happen in Sri Lanka now.

I welcome the Government's actions, and the supplying of some 5,000 tents and of provisions directly to internally displaced persons through the UNHCR, as well as the extra £2.5 million that is going in through the international agencies, but as my right hon. Friend the Member for Leicester, East (Keith Vaz) says, we must press for others in the international community to join in that activity, so that real international pressure can be brought to bear on humanitarian grounds. The Government of Sri Lanka must be put under intense international

[John Battle]

pressure to allow the UN to help with the evacuation and support of civilians now. That includes the setting up and running of the necessary provisions for internally displaced persons by the international community. That happens in every other conflict in the world, and it should be possible for it to happen now without insulting anyone's political kudos.

My second point is about the media. The Liberal Democrat motion draws attention to the role of the media, and I slightly regret that the amendment does not do so. Perhaps that was just an oversight. The motion states that

"access is vital for humanitarian assistance, human rights monitors and members of the international media throughout the conflict zone".

I am usually incredibly critical of the way the media carry on, but in conflicts the courage of the international media can sometimes help to defuse the conflict and bring about a ceasefire faster because of what they report. I also think that the media should have access to all internally displaced persons and to the camps that have been set up to look after them.

The Government's amendment to the motion accepts the need to

"persuade the government of Sri Lanka to allow international oversight of all internally displaced persons".

It also rightly refers to the need for

"a transparent registration process and improved conditions within the camps with better access to food, water and medical facilities"

and urges

"the government of Sri Lanka to allow freedom of movement in and out of the camps"—

which we are not seeing in the so-called villages at the moment—

"so that families separated by the conflict can be reunited".

I hope that the Foreign Secretary, who is visiting Sri Lanka, will bring pressure to bear in relation not only to humanitarian aid but to media access throughout the system. Those two provisions should go together. I would also say to the media that, if and when they get in, they should not just go there for a day and report the crisis of the day. They should remain there to follow the process through, and to show that those who have become sad victims of this crisis through no fault of their own are being properly protected and looked after.

Of course we all need to work together and to push for a process of political reconciliation and lasting peace and justice, but I draw attention—the hon. Member for Richmond Park referred to this—to the International Crisis Group. It suggested that the international reconstruction and development assistance, which could include the International Monetary Fund loan that Sri Lanka has applied for, should have conditions attached and that those conditions for development aid IMF loans should be related to the Colombo Government's providing a basic level of human security, ending the impunity in relation to human rights violations and introducing an empowering process of devolution that includes provincial councils as part of a genuine democratic political transformation.

Yes, Sri Lanka is 75 per cent. Sinhalese, 18 per cent. Tamil and 7 per cent. Muslim, but if there is to be some settlement, all those parties must be included or there will be no future and no way forward. That is an agenda that international development assistance can help with. We must ensure that there is humanitarian assistance now—tents, yes, but also food, water aid and medical aid—and we must work to get the media in there and stay in there.

When we work together and look at the reconstruction work afterwards, perhaps that development of devolution, which should include the minorities, will consider some new politics that might not be unique to Sri Lanka and might open up a political agenda that allows a proper political conversation with Sri Lanka to take place.

6.16 pm

Mr. Virendra Sharma (Ealing, Southall) (Lab): Thank you, Mr. Deputy Speaker, for calling me to speak in this important debate, which I hope will have an impact on the terrible humanitarian disaster that is unfolding in north-east Sri Lanka among hundreds of thousands of Tamil civilians at this very moment.

Hon. Members from the all-party parliamentary group for Tamils, which I chair, have already made excellent contributions, but I want to convey to the House the message that the all-party group has been giving for many months to the Government of Sri Lanka, the UK Government and the international community. I congratulate everyone who has contributed and supported the group—not only today, but in the past—and had meetings with the Tamil community and institutions all over Britain, in the European Union and in the United Nations. I also congratulate the Prime Minister and the Ministers concerned on taking the initiative and winning the confidence of the community.

With more than 100,000 Tamil civilians still within the conflict zone, it is vital that an urgent, immediate and permanent ceasefire is established. More than 6,500 innocent civilians have been killed in the last three months, according to the United Nations—more than in the Gaza conflict. The Government of Sri Lanka also announced that they were stopping attacks with aircraft, artillery and heavy weapons, but reports today indicate that those attacks are still ongoing and innocent civilians are continuing to be killed.

As has been said, we stand accused. We receive e-mail messages and letters accusing us of being Indian Tigers, black Tigers, white Tigers—

Keith Vaz: Brown Tigers.

Mr. Sharma: My right hon. Friend tells me that there are references to brown Tigers as well. That is the accusation, but we should look at the role of communities here and the Tamil community in general. On 11 April, we had more than 150,000 people marching in London, without any violent incident. Peaceful marches have taken place. Only last week, we held a meeting in my constituency, which was attended by more than 300 people. I thank my right hon. Friend for coming to address the meeting, at which representatives of all the communities—the Indian community, the Pakistani community, the Bangladeshi community—were present. Everybody was talking about a peaceful solution to the problem in that region.

Keith Vaz: The Foreign Secretary is in Colombo, and the House is united—I have not heard a single speech against what the Government are doing with the support of Opposition parties. It would send out the best message if the House did not divide on a particular motion, and in a unified way supported one resolution for a ceasefire in Sri Lanka and proper humanitarian aid to the Tamil community.

Mr. Sharma: I thank my right hon. Friend. The only way is to send a clear message to the Sri Lankan Government and other institutions and countries supporting them that Great Britain's Government and parliamentarians are united on the ceasefire and giving humanitarian aid to that part of the world, and support to find a peaceful solution.

The Government of Sri Lanka, by announcing this week that they will no longer carry out air strikes and artillery shelling, have admitted doing things that they had previously denied. The refusal to accept both the Prime Minister's special envoy and now the Swedish Foreign Minister shows that they have something to hide. Under the cover of fighting terrorism and rescuing civilians, they are showing a wanton disregard for their own civilian citizens and for United Nations and international humanitarian standards.

The strongest international pressure should be put on the Government of Sri Lanka to call an immediate ceasefire, for humanitarian aid to be allowed into the conflict zone through the offices of the United Nations, and for a negotiated settlement to be worked out that meets all the legitimate demands of the Tamil community in Sri Lanka.

I must raise one other point: some Members have said that the Indian Government have changed their mind a little late. Being of Indian background and understanding the politics of that region, I understand the comment, but the Indian Government's intentions were always clear when they demanded the ceasefire and asked for peaceful negotiations and asked for all parties to get around the table for discussion. I congratulate the Indian Government on taking the initiative, and sending their officers to negotiate with the Government of Sri Lanka for a peaceful solution. With the presence of our Foreign Secretary in Sri Lanka, and a message going from here, I hope that the whole community's support will bring a peaceful solution.

6.23 pm

Adam Price (Carmarthen, East and Dinefwr) (PC): Briefly, as I know that other Members wish to speak, I want to add my voice and that of my party, Plaid Cymru—I am sure the Scottish National party would also want to do so—to the strong, unified and unequivocal message that I am sure we will send from the House. We stand shoulder to shoulder with the Tamil people and want an end to the terrible atrocity that is being committed.

We have a responsibility. Under our watch, the Sinhala and Tamil kingdoms were integrated, and the constitution was created that did not enshrine proper, equal rights for the Tamil people. It is right and proper that the House is shouldering its responsibility to the Tamil people, and saying that we will not stand by and allow such things to happen. It is important that we send that message.

Although it is important that we speak clearly and condemn what is happening to the Tamil people, words are not enough—they sometimes need to be backed up by action too. Will the Minister confirm that the United Kingdom will declare that we will not allow the International Monetary Fund loan to go forward at this time and that we will insist that the Commonwealth upholds the standards of democracy that are surely the definition of a commonwealth? If the Sri Lankan Government are not prepared to listen to the voices of the international community, clearly the Commonwealth will have to take appropriate steps and suspend their membership.

Will the Minister also say that we will review the situation on arms export licences from the United Kingdom and the European Union, because we will certainly not allow any further deaths to occur, and that we will take all the steps necessary to ensure that the Sri Lankan Government realise their responsibility to their citizens and our fellow human beings, whom we wish to support in every way that we can?

6.25 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I am pleased to have an opportunity to speak in this debate, and I am sorry that I was not able to be here from the beginning. I have been a Member of this House for 17 years, throughout which I have been involved in debates and discussions about Sri Lanka, largely because of the significant Tamil community in my constituency. I can think of times during those 17 years when we thought that there was hope that there might be a solution and a move towards a peaceful settlement. I can also think of times when we expressed lots of concern about extra-judicial killings and disappearances, but I simply cannot recall a worse situation than what is happening now.

I see people in my constituency who have families, relatives and friends in Vanni, but who do not know what has happened to them, cannot get in touch with them and are afraid that they are dead. That is a dreadful situation for someone to be in, and nothing that I can say can offer any real comfort to those people. The people who are out there in Parliament square and the people who have been getting in touch with every one of us are making some clear and simple demands—they are demands that have been echoed by almost every hon. Member who has spoken in the debate. The demands relate to the need for a permanent ceasefire, not a temporary one; the need for humanitarian aid to get through; and the need for the people who are in the camps to be allowed to move and not be trapped in them.

Of course, there is a longer-term political agenda about a political solution, but every day that passes, with this situation continuing, will make that longer-term political solution ever more difficult to achieve because of the mistrust that is being engendered by what is happening. No Government who claim to be democratically elected should be able to ignore those very clear and simple demands in the way that the Government of Sri Lanka have been doing. They have ignored what we have said, what has been said internationally and what has been said by member states of the United Nations and by the EU. We cannot accept that all that is being ignored, and we must get clear and strong messages across to that Government. I am glad that the Foreign Secretary is in Sri Lanka and that my right hon. Friend

[Mr. Neil Gerrard]

the Member for Kilmarnock and Loudoun (Des Browne), who has been appointed as special envoy, will go there. I hope that strong messages will be delivered.

I have a final point to make on delivering a strong message. I have looked at the Order Paper and examined the motion tabled by the Liberal Democrats and the amendment tabled by the Government, and I do not see a great deal of difference between them. There are some small differences in emphasis, but I could happily vote for either one of them. What I do not want to happen is a Division on one or other of them. If we are serious about sending a clear message from this House of Commons to the Government of Sri Lanka, and everyone else there, about what we want to see happen, it will not help if we have a Division on one or other of these motions. That would be used to suggest that this House is not united in demanding a ceasefire, free access for international organisations to the area and to the camps for internally displaced persons, and freedom of movement for the population. I plead with Front-Bench spokesmen to come to an agreement on the motions, because frankly we could agree to either.

6.30 pm

Mr. Andrew Love (Edmonton) (Lab/Co-op): I congratulate the Liberal Democrats on tabling the motion. This is a timely and important debate. I also congratulate all hon. Members who have taken part in it. We have sung from the same hymn sheet, and it is important that we send the message that this Parliament is as one over what confronts us in Sri Lanka at the moment. An acute humanitarian disaster is unfolding.

Like my hon. Friend the Member for Walthamstow (Mr. Gerrard), I have been involved in Sri Lankan issues for some time. I have visited the island on several occasions. Since 1983, the country has experienced bitter divisions and conflicts, but I cannot remember a situation as grave as the one we face today. Many people have been able to escape from the conflict area, but while there is no outside verification, no human rights organisations, no humanitarian relief and no one to tell us what is going on, we can only assume the worst. Of course, there is a great deal of evidence to suggest that shelling continues and the LTTE continues to hold people, some voluntarily and some against their will. It is estimated that between 50,000 and 70,000 innocent civilians are still trapped in the area. As the Parliament of a country on friendly terms with Sri Lanka, we must speak out as boldly as we can about the issue.

I congratulate the House on being united on the issue. I also wish to pick up the point made that we would not send the right signal to Sri Lanka should we be forced into a Division at the end of the debate. It is critical that, having spoken with one voice, we act with one voice. So we must not divide tonight on motions that are very similar in many ways. I hope that that plea will be heeded. Speaking out is only part of the issue. We must also be seen to be doing things.

Several things have been raised on which I wish to comment. First, I understand that there are reasons why the Commonwealth would suspend one of its members. That has been done in the past, but there have been voices suggesting that such action would not be appropriate at this point. However, in the past when there have been difficulties between the Commonwealth as an organisation and an individual member, a group of other Commonwealth countries with close connections to the offending party have sent a delegation to make it clear how the Commonwealth feels about the issue. I believe that that could be done on behalf of the Commonwealth, particularly if that group of countries were led by India, which has enormous influence in Sri Lanka.

Keith Vaz: I was present at a meeting with the Commonwealth secretary-general arranged by the hon. Members for North Southwark and Bermondsey (Simon Hughes) and for Kingston and Surbiton (Mr. Davey). It seems that Sri Lanka has put in a bid to host the Commonwealth summit in 2011. Does my hon. Friend agree that it would be totally inappropriate for Sri Lanka to be asked to host that after all that it has done to its own people?

Mr. Love: I thank my right hon. Friend for that question and agree wholeheartedly. We have to send a very clear signal from all sorts of directions, one of which is the Commonwealth. While this conflict continues and while the Commonwealth continues to stand out against the actions of the Sri Lankan Government there can be no place for honouring them with the ability to hold that conference.

I think that there is a role for the Commonwealth. At this stage, that role might not involve suspending Sri Lanka from membership, but action must be taken and the Commonwealth definitely has a role to play.

The hon. Member for North Southwark and Bermondsey mentioned the option of action through the European Union. Of course, the Sri Lankan Government are incredibly sensitive about the GSP plus process. I know that because on my last visit, and in subsequent discussions with the high commissioner and others, I learned that the rag trade, if I can call it that, is extremely important to Sri Lanka. Access to the European Union through the GSP process is critical to the future of the economy of Sri Lanka. GSP does not relate only to trade; it relates to human rights standards as well. They are set as a precondition before GSP plus can be granted. The Sri Lankan Government are sensitive to that issue and I think that we ought to think of using those provisions at this time.

Simon Hughes: I want to reinforce the hon. Gentleman's point about international co-operation. I hope he agrees that the Sri Lankan Government need to accept that friends—other world countries and other Commonwealth countries such as Canada, Australia, India and the UK—have huge experience of sorting out problems in multiracial, multi-ethnic communities. We all used people from outside to help with that. It is not a threat, but a mechanism. We must send a message that says, "Do not be afraid of this. It is a way of resolving the problem that has dogged you since independence."

Mr. Love: We must send the message that we are friends of Sri Lanka but that we cannot stand back and watch as this crisis unfolds. We cannot do nothing. Yes, there is expertise within the UN, the EU and the

Commonwealth, and that ought to be used. The hand of friendship is offered and we hope that the Sri Lankan Government will take it up.

The UN must be seen to be doing more. It is not just a case of, "Let's have these discussions behind closed doors." We have to say publicly, within the forums of the United Nations, that we as a Government and we as a Parliament stand out against what is happening in Sri Lanka and that we will do our utmost, publicly as well as privately, to stop it.

My final point, which was raised earlier, is that ending the humanitarian crisis is only the first move. If we do not want to find ourselves in another humanitarian crisis two, three or five years down the road, as has happened before in Sri Lanka, we need a viable peace process. The first thing that we need is a ceasefire, and one now would enhance the prospect of a proper peace process. The process itself is incredibly important and I think that our experience in Northern Ireland has a great deal to offer on how that process should be carried out. Most importantly, the peace process must have international support. Britain, India, the United States and the United Nations must be entirely behind it, and should ensure that it encapsulates all the populations in Sri Lanka and all the different political trends.

There are moderate Tamils as well as Tamils who support the LTTE: the opinion held by the Muslim community is very different from other views, and there is a range of political opinion even in the Sinhala community. All that has to be taken on board, but if we can bring those people together, there is a real prospect for peace.

6.40 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): May I start by thanking every right hon. and hon. Member who has contributed to this truly great debate? It has highlighted what I think is common cause across this House—that there should be peace and justice in Sri Lanka for all the people of that troubled island. The debate has been about trying to make sure that we help facilitate our Government in their efforts to do everything that they can to make that a reality. That can happen only through international action of the sort described by so many hon. Members in their speeches this evening.

Our purpose has been merely to bring the matter before the House today. We do not intend to seek a Division at the end of the debate, as we want to get the House to speak with one voice on this matter. That is why we drafted the motion as we did. We tried to set out the issues in plain language, in a motion that was direct and to the point and which addressed the concerns of the people of Sri Lanka. Those concerns are shared by many of our constituents, and they have represented them powerfully to us over many years, months and weeks, as the situation has worsened in that country.

We need to make it clear to the Sri Lankan Government that a ceasefire is absolutely essential, and that it must happen now. We have to make it clear to the LTTE that it must not stand in the way of anyone seeking to escape from the absolute nightmare that people are currently living in. We must also emphasise that there can be no solution of a military nature to the conflict in Sri Lanka. In the end, military action simply sows the seeds of bitterness and ensures that there can be no reconciliation whatsoever in that country.

The Sri Lankan Government may be able to win a war on the battlefields, but they will not be able to win in the end. Every shell fired, every bomb dropped and every rocket launched simply causes the last shreds of international support and goodwill that the Sri Lankan Government ever had to be lost. That is why the ceasefire is essential—a point made time and again by hon. Members from all parties across the Chamber.

However, access is also essential—for relief organisations, as many hon. Members have argued so powerfully, and for human rights organisations and the international media. The right hon. Member for Leeds, West (John Battle) was right to highlight that part of our motion. There is an urgent need for the international media not just to arrive in Sri Lanka and report on the carnage, but to stay and report on the process that builds peace in the future. That must be essential, not least in the light of the Sri Lankan Government's reputation for suppressing their own media and access for media from other countries. I believe that only two countries in the whole globe have worse records when it comes to ensuring access for the media.

Day by day, the humanitarian crisis has worsened. As the right hon. Member for Enfield, North (Joan Ryan) made clear in her speech, what is unfolding is not just a crisis but an absolute catastrophe. The Minister noted in her opening remarks that 50,000 Tamil civilians are trapped in just 5 square miles. They are caught between the devil and the deep blue sea by an army set on a military objective that has no regard for the civilians in its sights. Those civilians are under fire, and they are sitting targets; it is no wonder, then, that so many of them are coming out injured, or that so many are dying.

The ones who escape face the prospect of the welfare camps, which are little more than concentration camps. Given the history of the Sri Lankan Government's intent not to settle people afterwards, what is the future for those who eventually wind up in those camps? There must be free and unfettered access to the camps, both for them and for the relief and human rights organisations as well. We need food and medicine, and we need human rights to be respected. My hon. Friend the Member for Richmond Park (Susan Kramer) was absolutely right to raise concerns about the growing numbers of people who are said to be disappearing from the camps.

Simon Hughes: I am sure that my hon. Friend understands that the real fear is that at the end of whatever is happening now, people will not be allowed home to their villages, their fishing and their communities. The fear is that there will be some "reorganisation" of north-east Sri Lanka. Those people must also be allowed to go home—to go to where they came from.

Mr. Burstow: That point is absolutely central. My hon. Friend the Member for Kingston and Surbiton (Mr. Davey) acknowledged, in opening the debate, the leadership that the Prime Minister has given, and the leadership that the right hon. Member for Kilmarnock and Loudoun (Des Browne) has shown in his work as the Prime Minister's special envoy. We wish him Godspeed on the journey that he is to make with other hon. Members in the cross-party delegation. We hope that it achieves its objectives.

[Mr. Burstow]

If one talks to Tamils in Parliament square, either today or on any other day on which they are there demonstrating, and one will determine the anger and frustration at the slowness with which the international community is moving on the issue. So how can it be right, as has been mentioned in the debate, that the International Monetary Fund is considering a loan of £1.9 billion to Sri Lanka? I hope that when the Under-Secretary of State for International Development, the hon. Member for Worcester (Mr. Foster), winds up the debate, he will tell the House that any such loan will, at the very least, have preconditions placed on it to do with securing unfettered access for the UN and other agencies that need to go about their work on behalf of the common good.

My hon. Friend the Member for Kingston and Surbiton also asked about genocide, and asked the Government to seek a legal opinion. As a signatory to the convention on the prevention and punishment of the crime of genocide, surely the Government should do just that. I hope that the Minister can give us a positive response on that point.

Barry Gardiner: Will the hon. Gentleman give way?

Mr. Burstow: I really cannot, because I want to give the Minister at least 10 minutes to respond to the debate. The Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Lincoln (Gillian Merron), referred in her speech to the Commonwealth ministerial action group, and to the fact that she raised the issue with it, which is welcome. Cannot the Government go further and ensure that the issue is an item on the group's agenda, and commission the Commonwealth to undertake human rights reports and an analysis of the situation?

The right hon. Member for Enfield, North, made an important point about the humanitarian crisis. She raised the question of how the issue could be brought forward at the United Nations, given the obstacle of China and Russia. I hope that the Under-Secretary of State for International Development will respond to the novel reading of the rules that the right hon. Lady offers, and that it might provide a creative way of getting matters debated at the UN. In our motion, the Government are urged

> "to make it clear to all sides that those who are proved to have committed war crimes in this conflict will be in danger of arrest, prosecution and punishment wherever they go for the rest of their lives."

I hope that the House can say that clearly to everyone here tonight, and I hope that the Minister can make that clear, too.

The debate has been not about dividing the House, but about unity of purpose, and that purpose is clear. We need to make it clear to the Sri Lankan Government that we must have a ceasefire and a process of genuine political dialogue that delivers the peace and justice that every person on the island of Sri Lanka deserves. That is what the debate is about. I hope that the Minister will be able to respond positively to the questions that I have posed.

6.48 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): First, I would like to thank colleagues from across the House for their thoughtful and powerful contributions to this timely and important debate. I am glad to hear that we are to unite behind one motion, so that the sentiments that have been expressed by Members in all parts of the House will ring out loud and clear from this Chamber. I will use my remarks to address some of the issues that have been raised, and to restate the severity of the humanitarian situation in Sri Lanka. I should also like to reassure the House and the Tamil diaspora in the UK that we are sparing no effort to bring relief to those affected, and are working with the international community to push all parties to find a long-term, sustainable solution to the conflict.

However, as several speakers have pointed out, including the hon. Member for Mid-Norfolk (Mr. Simpson), the suffering of the people of Sri Lanka will not end with the fall of the remaining strongholds of the Liberation Tigers of Tamil Eelam. We and the international community have continued to make it clear that there can be no military solution, and we have called time and again for a ceasefire. As I discussed with the Minister of State, Department for International Development, my hon. Friend the Member for Harrow, West (Mr. Thomas), lasting peace in Sri Lanka will come about only through a fully inclusive political process that takes into account the legitimate aspirations of all Sri Lanka's communities—Sinhalese, Tamils and Muslim.

I should like to put on the record the Government's response to concerns expressed in the debate about genocide. We will call for an early investigation as to whether crimes have been committed against civilians.

Mr. Davey: I am grateful to the Minister for giving the House that assurance. May I confirm that we will not divide on our motion, but will accept and support the Government's amendment, because of the Minister's statement about ensuring that there will be an early investigation of war crimes, and because the Government amendment is clear on the ceasefire demand, and because our aim is to unite the House tonight?

Mr. Foster: I am grateful to the hon. Gentleman for his comments, which are on the record, and will be noted not only in the Chamber but right across the world.

Barry Gardiner: Will my hon. Friend give way?

Mr. Foster: I should like to make a little more progress, as there are issues that I need to address.

I was in the north of Sri Lanka only two days ago, and I saw for myself the conditions in which some of the 180,000 displaced people are living in the camps that have been set up around Vavuniya. About 113 of them have arrived in the past 10 days, and they are exhausted and traumatised. Many of them have travelled for two days without any food or water to reach the camps. While I was there, I met several people who described to me the terrible conditions in the area from which they had come, and they expressed genuine hope and desire that one day soon they would be able to return to their homes and be reunited with their families.

Many thousands of civilians remain trapped in the conflict zone—the exact number is unknown—living in constant fear for their lives, in the most basic conditions. The conditions on that tiny strip of land, less than 5 square miles in size, were described by people on the ground as "absolute chaos and mayhem". Civilians are trapped in constant fighting, and throughout the area, every humanitarian need remains unmet. The situation is deteriorating rapidly. Furthermore, there is repeated evidence that the LTTE is forcibly recruiting civilians, including children, to fight, as well as using lethal force to stop them escaping the conflict zone. The House will agree that such behaviour is utterly unacceptable, and we condemn it in the strongest possible terms.

There is almost no international presence in the conflict zone. The International Committee of the Red Cross is the only international humanitarian agency that has been able to operate in LTTE-controlled territory. Since September, it has evacuated 11,500 casualties and their carers by sea in difficult circumstances and at considerable risk to its own staff and volunteers. There are plans to evacuate a further 1,500 people in the coming days. While I was in Sri Lanka on the Government's behalf, I paid tribute to them and all those involved in providing humanitarian support in the region. DFID will continue to provide financial support to the ICRC to enable it to continue its life-saving work.

Another rapidly growing humanitarian case load consists of the internally displaced persons who have managed to escape the conflict, and are held in camps. Once they arrive, civilians are held under military control, with freedom of movement within, but not outside, the camps. Although humanitarian agencies have been working hard to provide for the needs of those people, the Sri Lankan Government were not fully prepared for the most recent influx, and there remain huge unmet needs for shelter, water, food and medical assistance.

While we welcome the Sri Lankan Government's efforts to improve living conditions in the camps over the past few days, there is no room for complacency, and it is clear that much more needs to be done to ensure that all basic needs are met. The camps are far from ideal, but in the words of the civilians I met on Monday, they offer safer and better conditions than they experienced in the conflict zone. However, I have to put it on the record that the restrictions placed on access for humanitarian agencies by the Sri Lankan Government has meant that the response has fallen short of what is needed. The international agencies are ready to respond, but continued restrictions on personnel and supply chains are causing further unnecessary suffering. We have consistently lobbied the Sri Lankan Government to allow full and unrestricted access for humanitarian agencies, and we will continue to do so.

Specifically on access, we are calling for an immediate humanitarian pause in hostilities to stop the terrible daily suffering and loss of life, and to facilitate the safe and dignified exit of all civilians from the conflict zone; the immediate re-starting of food and other relief shipments, especially medical supplies, to those trapped in the conflict area; greatly increased UN and international presence in the conflict area; a continuous and permanent international presence at both the Omantai and Killinochchi screening points to ensure protection for those IDPs who have escaped; unhindered access to IDP camps in Government-controlled areas for NGOs, the UN and donors, and an immediate lifting of restrictions on personnel and supplies; and for the Government of Sri Lanka to uphold international principles of internal displacement at screening sites and in camps.

Barry Gardiner: Before my hon. Friend concludes his remarks, will he pay tribute to those in Parliament square who have been bringing the crisis to our attention, and particularly to the young man, Parameswaran, who has been on hunger strike? Does he agree that the unity in the House is a fitting tribute to what has been achieved and that it should now result in the end of that hunger strike?

Mr. Foster: The House will speak today loudly and clearly with a single voice, but I saw too much suffering and misery on my visit to Sri Lanka and the camps to allow me to wish for any further suffering by Tamil people here in the United Kingdom.

In addition to the access requirements that we have been calling on the Government of Sri Lanka to provide, it is essential that they live up to their own commitment to allow 80 per cent. of the IDPs to return to their homes by the end of the year. It is important that those camps are temporary. The humanitarian community should focus only on emergency assistance until safe and sustainable returns are possible. We as a Government stand ready to support in practical ways the early resettlement of civilians.

The UK has taken a range of practical actions to alleviate the suffering of those affected by the conflict. Since September last year, DFID has allocated £7.5 million of humanitarian assistance to Sri Lanka. This money has been used to support the work of agencies best able to provide direct assistance on the ground. I repeat the assurance given by the Under-Secretary of State for Foreign and Commonwealth Affairs that all UK funding that has been provided goes directly to neutral and impartial agencies to save lives and reduce suffering.

We have in place in Colombo an expert humanitarian adviser, who is able to steer the humanitarian response in close co-operation with other key donors there. I can announce today a further allocation of £550,000 to United Nations Operations to provide emergency shelters for 1,400 households, together with water and sanitation provision for at least 11,500 IDPs. This leaves us with about £2.6 million on hand to respond rapidly to developing needs on the ground.

In conclusion, the United Kingdom remains committed to supporting progress towards a lasting peace in Sri Lanka. We recognise that there can be no military solution to the conflict, and that a sustainable peace will be reached only when all sides take it upon themselves to lay down their arms and engage in constructive dialogue. The UK will continue to work with international partners to convince the Government of Sri Lanka to step up their efforts to pursue such a practical political process.

In the meantime we will work to avert the humanitarian catastrophe that is unfolding. We will continue to support efforts to bring relief to those affected by the conflict, and together with the international community, we will continue to urge all sides to live up to their commitments under international humanitarian law that is designed to protect civilians and allow safe passage out of the conflict zone.

[Mr. Michael Foster]

Question (Standing Order No. 31(2)), That the original words stand part of the Question, *put and negatived.*

Question (Standing Order No. 31(2)), That the proposed words be there added, *put forthwith and agreed to.*

Main Question, as amended, put and agreed to.

Resolved,

That this House strongly supports the efforts of the Government within the United Nations, the European Union, the G8 and other international bodies to bring about an end to the conflict in Sri Lanka, to open the way for an international humanitarian relief effort and to promote a process of political reconciliation; welcomes the £7.5 million the Government has already committed to the relief effort; supports the Foreign Secretary's joint visit to Sri Lanka with his French counterpart; endorses the Government's calls for the government of Sri Lanka and the Liberation Tigers of Tamil Eelam to declare an immediate ceasefire and to allow the civilians trapped in the No Fire Zone to leave unhindered, facilitated by the UN; urges both parties to the conflict to allow full and unrestricted access for humanitarian aid to be safely delivered; supports the Government's efforts to persuade the government of Sri Lanka to allow international oversight of all internally displaced persons, including a transparent registration process and improved conditions within the camps with better access to food, water and medical facilities; urges the government of Sri Lanka to allow freedom of movement in and out of the camps so that families separated by the conflict can be reunited; and endorses the Government's efforts to persuade the government of Sri Lanka to initiate a process of political reconciliation with all speed as the only way of ensuring a lasting peace between the communities.'.

Business without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House I will put motions 3 and 4 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

PREVENTION AND SUPPRESSION OF TERRORISM

That the draft Terrorism Act 2000 (Code of Practice for Examining Officers) (Revision) Order 2009, which was laid before this House on 26 February, be approved.

TRIBUNALS AND INQUIRIES

That the draft Transfer of Tribunal Functions (Lands Tribunal and Miscellaneous Amendments) Order 2009, which was laid before this House on 24 March, be approved.—*(Helen Goodman.)*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 30 April, the Speaker shall put the Questions necessary to dispose of proceedings on the Motions in the name of Ms Harriet Harman relating to Members' Allowances, Members' Allowances (Greater London), Registration of Members' Financial Interests, Members' Staff, Members' Allowances (Evidence of Expenditure) and Members Estimate Committee (Amendment of the Green Book) not later than 5 pm; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; the Questions may be put after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Helen Goodman.)*

Swine Flu Update

7 pm

The Secretary of State for Health (Alan Johnson): With permission, Mr. Deputy Speaker, I would like to make a further statement on swine flu.

We continue to watch with concern the situation in Mexico and the USA, and to be guided by the World Health Organisation about further changes to the alert level. On Monday evening, the World Health Organisation raised the alert level to 4. That indicates that there are clusters of outbreaks and that the disease is being passed from person to person. In a press conference late this afternoon, the WHO indicated that although the alert level is still at 4, we may be approaching a phase 5 alert. That would mean that there are large clusters of outbreaks but that person-to-person transmission is still localised, which would suggest that the virus is becoming increasingly better adapted to humans. The WHO message is clear: countries across the world must do everything in their power to prepare for the possibility of a full-blown phase 6 pandemic.

I would like to update the House on how this very fast-moving situation is affecting the UK. It was confirmed on Monday that there were two cases of swine flu in Scotland. Both patients are recovering well. As the Prime Minister told the House today, there are now three additional confirmed cases in the UK. A 41-year-old woman from Redditch and a 22-year-old man in north London have both contracted the virus. The 41-year-old is in isolation at home and has already responded well to treatment. Five of her close contacts have also been treated with antiviral drugs. The 22-year-old man in London has been admitted to hospital.

The other confirmed case is a 12-year-old girl in Torbay, in Devon. The Health Protection Agency has identified that she has been in close contact with 50 people. As a precaution, antivirals have been given to a total of 230 people in the school—the entire school year. On the advice of the Health Protection Agency, the head teacher is closing the school today. It will be closed for approximately seven days, including the weekend.

All cases that have been confirmed so far are among people who have recently been in Mexico, which is the main affected area. So far, all those who have contracted the disease have experienced relatively mild symptoms and are recovering well—that is all those outside Mexico.

In light of recent events and to strengthen further our contingency plans, I have taken the following steps. I confirmed in my statement on Monday that we have built up a significant stockpile of the antiviral drugs, Tamiflu and Relenza, to prepare for this situation. Both those drugs have proved effective in relieving the symptoms of those who have been infected, but we will now increase this stockpile to cover 80 per cent. of the population. That does not mean that we expect anywhere near that number of people to be affected. It does mean that we will have enough antiviral drugs to treat 50 million people, and make sure that all front-line NHS staff have their own supplies of antivirals as a preparatory measure.

In addition to increasing availability of antivirals, we are increasing our stockpiles of antibiotics. Although antibiotics have no impact on the flu virus, they will be essential for dealing with any complications such as pneumonia, which might arise from infection.

On face masks, as the chief medical officer reiterated today, there is no convincing scientific evidence that the widespread issue of such masks to healthy members of the public can stop the disease spreading. Moreover, they can give false reassurance and encourage people to ignore basic and straightforward hand hygiene measures, which have proved effective. However, specialist and other types of face mask are useful for front-line NHS staff who care for infected patients, if the face masks are the appropriate type, worn correctly, changed frequently, removed properly, disposed of safely and used in combination with good hygiene measures.

Although we have a supply of face masks for NHS staff, we need more. In the past 24 hours, we have completed contracts for more than 60 million masks, which will start to become available this week. They will be both surgical and respiratory masks, giving staff a broad range of protection when they come into contact with infected patients.

Providing information to the public is one of our strongest lines of defence. A mass public health campaign will begin tomorrow, with print, TV and radio adverts. They will warn the public about swine flu and remind them to cover their noses and mouths with tissues when they cough and sneeze and, then, to throw the tissue away and wash their hands—the same good, basic hand hygiene advice that applies to all types of colds and to seasonal flu. In addition, a leaflet will be dropped through people's doors from next Tuesday, providing information on the steps that they can take to protect themselves from infection, and telling them what to do should they contract the virus. From tomorrow, members of the public who want further information will be able to ring a single number, 0800 1 513 513, for regular recorded updates on the situation.

The threat that we face is serious, but we have never been as prepared for a pandemic as we are now. The plans that we have in place are robust and have been thoroughly tested. Scientists know more about flu now than they have ever done. When our country last faced the threat of a flu pandemic, in 1968, there was no national plan and most measures that are available today did not exist. If a pandemic emerges, no one can turn back the tide, but, with international co-operation, scientific endeavour, effective plans and dedicated front-line staff, we can reduce its impact and ensure that we avoid the level of sickness that was experienced in the three pandemics of the last century. I shall ensure that Parliament is properly updated as the situation develops.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am sure that the House is grateful to the Secretary of State for his update on the impact of the swine flu outbreak, and I thank him for the further steps that have been taken following the statement on Monday. He knows, and I told the House, that for a long time we have pressed for the acquisition of a strategic stockpile of face masks, and, although it had not been done beforehand, it will be done now, and that is welcome. Equally, we pressed for an extension to the antiviral stockpile, and the Secretary of State has now said that it is available. Two questions arise from that, however. Does he intend to acquire the additional stockpile to pursue a strategy of treatment for all cases that may emerge, and does he intend to provide, prophylactically, as a preventive measure, antiviral drugs to the close household contacts of those who are infected?

There are two questions about the distribution of Tamiflu to NHS workers, too. First, will it be extended not only to NHS front-line workers, but to front-line workers in other care home contexts? Secondly, is the distribution intended for their use if they become symptomatic, or if they are exposed to the virus?

The Secretary of State talked about the acquisition of a further stockpile of antivirals, but on what timetable does he expect that additional Tamiflu to be received? He has reached the point at which he is giving us, quite properly, the information about what is happening, but I do not sense that we have been told the Government's strategy. Will the Secretary of State take this opportunity to clarify the current strategy? We lack certain evidence about the nature of this virus and its spread, and the impact on humans, but good evidence is emerging that it may be a relatively mild strain of flu, although it is spreading fast. We therefore have the capacity, as he illustrated, to take quite an aggressive strategy against it in the United Kingdom and commit ourselves to ensuring that antiviral treatment will be available for all cases, pursuing household prophylaxis—preventive measures with all close contacts—and securing 100 per cent. vaccination as soon as a vaccine becomes available. Can he confirm that were there to be a second wave, antibiotic stockpiles would already be available for those with complications arising from flu infection? In that context, is he confident that we will have an antibiotics stockpile for 14 per cent. of the population, as indicated by Department of Health modelling?

I say all that about a strategy because, as the Secretary of State will recall, in September last year the scientific pandemic influenza advisory committee—an easy name to remember—did a modelling summary of what we know, which said:

"Having taken 2 to 4 weeks to build up in the country of origin, pandemic flu could take as little as 2 to 4 weeks to spread...to the United Kingdom"—

indeed it can—and that we should

"assume, for the purposes of developing intervention strategies, that the outbreak will spread throughout the UK in less than 2 weeks."

It went on to say:

"Contact tracing"—

the Secretary of State did not talk about that, but it is important to emphasise—

"of the first few hundreds of cases in the UK will be essential for the accurate determination of disease parameters."

We must ensure that we contact-trace all those who are exposed to the virus in the short run. The committee set out how the strategy that I described, using all those interventions, might be

"sufficient to limit the number of cases, hospitalisations and deaths to the levels of the targeted strategy...even if one component intervention is ineffective".

Where school closures are concerned, the modelling said:

"Combined with a household prophylaxis policy (as opposed to simply treating cases), closing schools can have an important effect on the profile of the epidemic and the overall number of clinical cases (in adults as well as children)."

[Mr. Andrew Lansley]

The Secretary of State said that Paignton community college would be closed for a week, but the modelling would assume that it would be closed for three weeks. If a case of flu is identified at the school, do the Government intend that it will be closed for three weeks?

Let me ask about the national flu line; I know that the Secretary of State is disappointed that that is not available. The Prime Minister said during Prime Minister's questions that interim measures would be put in place. Clearly, the telephone number that the Secretary of State mentioned is not such a measure. GPs across the country need to know how they can access good information and advice. Updates provided to front-line clinicians—for example, an RSS feed on a six-hourly basis, with a clinical focus—would be an important facility for them to have available. They also need to know how they can access Tamiflu if they have patients who require it.

Does the Secretary of State have any further results from inquiries into why cases appear to have a high mortality rate in Mexico but not in other countries? What does the Health Protection Agency at Colindale know so far about the character of this virus and its interaction with humans?

The Secretary of State knows that were the flu to become more severe, we would need substantial numbers of critical care beds and ventilators. Since the United Kingdom has substantially fewer intensive therapy unit beds than other countries, and those are working at full capacity for most of the time, how does he intend that we would cope with a doubling or tripling of the need for intensive care beds?

On pig welfare, will the Secretary of State confirm that there is no evidence to suggest that there is a case for any cull of pigs or other livestock, and will the Government, through their veterinary contacts, try to encourage other countries in the direction of reasonable and proportionate measures?

Looking beyond our own shores, what discussion have the Government of this country had with the World Health Organisation about how the supply of antivirals will be prioritised to countries that have now placed orders? While obviously our first responsibility is to ensure that every possible protection is in place for the people of this country, what further can we do through the WHO to support the least developed countries? If we do not support them, there is a risk, as the Secretary of State will know, that a pandemic will expose the gap between rich and poor in this world—that we will protect our population effectively but find that there are literally millions of deaths in the poorest countries in the world. What are we doing to try to reduce that risk?

Alan Johnson: The hon. Gentleman asked some very important questions. On antivirals—this also relates to one of his other points—at this stage we have the ability to isolate and contain this flu. As he says, it is mild so far, so we can use the antivirals as a prophylactic at the moment. That is one reason we have ordered extra supplies—so that we do not dilute the provision of antivirals if we do get to the stage of a full-blown pandemic. The use of antivirals is indeed in preparation for treatment but also, on a prophylactic basis, a preventive measure in all the outbreaks that are occurring at the moment, so that we can contain them.

As far as NHS staff are concerned, as the hon. Gentleman knows, the framework we have announced is for NHS staff and staff in adult social care, and he made an important point about that. NHS staff are being issued with Tamiflu as a prophylactic. It is actually more important to them than face-masks, so that is the idea. The problem with people using it as a prophylactic, as the chief medical officer would say if he were at the Dispatch Box, is that they have to keep taking it, and then when they stop taking it, they become immediately prone. However, it will help NHS staff to have that there ready for the next stage.

The hon. Gentleman asked when the supplies will be ready. It will be the end of May at the latest, in accordance with the contract that we have signed. The antibiotic stockpile will cover about 14 per cent. of the population, in accordance with the strategy.

The hon. Gentleman raised the issue of contact tracing, which has worked very well both in Scotland initially and in England. It is a very important part of the strategy, and the Health Protection Agency and others are helping. The HPA's announcement today was that every single flight that comes in from Mexico, wherever it lands, will be met by its officials, and that we will ask the airlines to keep the records that they normally destroy after 24 hours for at least a week. There will be other measures to ensure that we can better use contact tracing quickly.

The hon. Gentleman asked about school closures. As he well knows, the framework mentions trying to keep schools open, because if we close the schools, nurses will have to look after the children and we will get into a bad situation. At the moment, during this phase 4 containment stage—we have to make a distinction between the phases—it makes sense to close Paignton community college. The initial decision by the head teacher and the education authorities was to close it for a week, and obviously they will review that based on advice from the HPA.

The hon. Gentleman also mentioned the national flu line. The concept of the flu line does not exist anywhere else in the world. We signed the contract with BT in December. That line will be set up for a stage when we are in considerable difficulties and people cannot leave their home, or are advised not to, so that they can ring a number and find a nurse at the other end who can ask some simple questions and give them a code, and someone can go on their behalf to collect the antivirals. That system will not be up and running until October. We can discuss all the reasons why afterwards, but in the current situation it will not be available until then. Every single health authority has been told to build into its plans arrangements on the assumption that it will not have the flu line available, and those arrangements look very robust. I am considering ways in which we can improve them, perhaps by getting NHS Direct and its single number to be part of them. We are currently considering all the possibilities for doing that, but if we cannot have a replica of the national flu line, we will have robust systems for distribution of antivirals around the country when we move to that phase.

We know nothing further about Mexico at the moment. As far as I know, there is no further information. The World Health Organisation is very aware of the need to

ensure that the matter does not become a case of rich versus poor. Curiously, there have been no cases in Africa. The WHO feeling was that, given the number of people with low immunity, cases would have been reported there, but, at the moment, that has not happened.

Although my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is not here, I think I can safely say that we would not follow the route that Egypt announced today. As I said on Monday, we see no reason to affect the British pig industry—and no reason for any country, anywhere to start slaughtering stocks.

Norman Lamb (North Norfolk) (LD): May I also thank the Secretary of State for early sight of the statement and for keeping me directly informed daily about the development of the potential pandemic?

Clearly, it is commonly accepted that this country is one of the leading countries for preparedness, but now it has come to applying the plans. It is important for people to remain calm, but that requires confidence in the system, and confidence that the procedures are robust, that there is absolute clarity about the advice, and that all parts of the system—from the national to the regional to the local—work in concert.

There was a report in today's *Evening Standard* and on the BBC, which raises some concern about clarity of advice. First, it appears that there are shortages of Tamiflu in pharmacies in many parts of the country. What is happening to ensure that Tamiflu gets to the pharmacies so that doctors and patients can get hold of it when needed?

There are reports in London of confusion about whether health protection units or GPs should carry out the tests. There is also confusion about whether patients should go to the GP practice. A case has been confirmed directly to me of a patient being told to go to the GP. There are other cases of people being advised to stay at home and that someone will visit them. Will the Secretary of State provide absolute clarity on all those matters to ensure that people understand what to do?

The Secretary of State said that masks are available only for health and care workers, yet he is ordering 60 million. That seems a substantial number for that purpose. Will he clarify precisely the range of people who should use them? Will they be available for informal carers, who look after people at home? If so, will advice be given to that end? If someone is confined at home because of a potential outbreak, what about other people in the home? Can they carry out their normal business and leave the home, or should they be confined, too?

On school closures, it is an anxious time for parents, with many schools preparing for the exam season. Are there contingency plans in place and will advice be given to the education system to ensure that people understand what is supposed to happen?

There are reports today that the French will make a request to the EU tomorrow to suspend all flights to Mexico. What is the Government's response to that?

How much money has been allocated in the Department of Health to tackling the potential pandemic? Will the Secretary of State confirm the assumptions on which the Department is working about its progression?

Alan Johnson: On the important question of the availability of antivirals, it is important to stress, as we did on Monday—I certainly did in a conversation with the hon. Member for South Cambridgeshire (Mr. Lansley)—and make it clear to the public that the Tamiflu that can be bought at the chemist is not depleting the stocks that we have made available in the event of a pandemic. Those stocks are protected—they are in warehouses and they are secure. Obviously, we must take measures, as the various regulatory agencies have done, to ensure that no system of selling Tamiflu is developing now. Measures have been taken to avoid that and to ensure that we keep stocks of Tamiflu available for the patients who need them, rather than for people who are stocking up personally.

I have read some of the reports about London, and we will ensure that matters are clarified. Certainly, the leaflet that people will receive from Monday and the advertising that goes out tomorrow will make what happens clear. The health protection units will be crucial to ensuring that we get to the people who have symptoms of swine flu. We will ensure that we put all our resources into isolating and dealing with those cases properly.

The advice that we give to patients is to contact their GP on the phone or NHS Direct if they feel that they have symptoms and to take it from there, not to go to their GP's surgery.

The figure of 60 million masks has to be seen in context. Some of them come from different suppliers and have to used and replaced, depending on the supplier and the quality of the mask. Sometimes masks have to be replaced two or three times a day or even hourly. That is the thing about facemasks, and that is why I emphasised how important it is that we have NHS staff who are trained to use them. If people do not replace them regularly or if they do not wear them or dispose of them properly, they could make the problem worse rather than better. The numbers of masks that we need cannot be defined at this stage, but we know that we need lots, because we are not talking about one for each person. Rather, we need replacement masks as well.

We depend for our best analysis of how swine flu is spreading on the WHO's advice. There is no one in greater authority, more respected or in closer touch with the WHO than the chief medical officer, Sir Liam Donaldson. His reputation is standing us in good stead. He has close links with the WHO, and we are ensuring that we receive information very quickly about its assessment of how things are going. It is important that, instead of individual countries deciding to go solo on this issue, international co-operation continues to drive the science.

Norman Lamb: Suspended flights?

Alan Johnson: I am sorry, I did not answer the hon. Gentleman's point about the suspension of flights. We will know more about that when we discuss it tomorrow morning. Up until now, the Foreign and Commonwealth Office advice, on a phase 4 alert, is that people should go to Mexico only if they have pressing business and have no alternative.

Frank Dobson (Holborn and St. Pancras) (Lab): Would my right hon. Friend take this opportunity to pass on our congratulations to those working for the chief medical officer and to others in the national health service on

[Frank Dobson]

the state of their contingency planning and the practical measures that they have already put in place? Will he also point out, particularly to the news media, that, in an imperfect world, if the incidence of flu substantially increases, there will from time to time be errors, mistakes and delays? They are unavoidable in an imperfect world, but they should not be exploited to try to stir up hysteria among the general public, who are usually a lot more sensible than the news media, particularly the BBC's "Today" programme.

Alan Johnson: My right hon. Friend raises an important point about the chief medical officer, whom I have mentioned, and about NHS staff. One of the reasons we are well prepared is that we have an integrated universal health system. That is of enormous benefit in so many ways, particularly at a time such as this.

In general the news media have been quite responsible on this issue. There has been the odd exception—I think that my right hon. Friend was referring to that—but in general, people understand that we live in an imperfect world. There is enormous pressure on the NHS, and on public services in general, but by and large that has been recognised and there has been responsible reporting of the issue, particularly in the broadcast media.

Mr. Adrian Sanders (Torbay) (LD): May I thank the Secretary of State for his statement today?

The thoughts of my constituents are very much with the child who has caught the flu and her family and with her friends and their families. There is a great deal of anxiety in the community as a consequence of recent events. I would like to praise on record Jane English of Paignton community college, Anthony Farnsworth of the primary care trust and Torbay council, all of whom have, in different ways, been roped in during this emergency, which is effectively what it is, and who have all handled the situation extremely well. However, there are some questions that I would like to ask. Paignton community college has two sites: a lower school and an upper school. When people say that the college is closed, do they mean both sites, or do they mean just the lower school site that this pupil was attending? The stockpile of antivirals—

Mr. Speaker: Order. I understand the hon. Gentleman's anxiety, and I called him to speak right away because of the case in his constituency, but he must understand that this is a statement, and that there are other—*[Interruption.]* Don't worry, I will call the hon. Member for Totnes (Mr. Steen) as well. Nobody has to get into a panic. The one thing that I do not want is Members putting a series of questions to the Secretary of State, so we will stop at that and let the Secretary of State answer.

Alan Johnson: I appreciate the role of the hon. Gentleman in his community, and this must be a very difficult time. We will try, as we did this morning, to keep him aware of developments in his constituency. I am afraid that I do not know whether they are closing both sites or just one. I am pretty sure that everyone is acting in the best interests of the children, but I do not have an answer to that question at the moment. I do know that the hon. Gentleman is absolutely right to say that everyone locally has behaved in the most responsible fashion. I believe that the little girl is responding well to treatment, and we very much hope that we will be able to contain this case as successfully as we are containing other cases around the country.

Jeremy Corbyn (Islington, North) (Lab): I thank the Secretary of State for his statement, and for the huge amount of work that he is doing in preparation for dealing with this crisis. He mentioned the disparity involving the death rate in Mexico and the cases elsewhere. I realise that it is difficult to get information, but what representatives does he have in Mexico, and what co-operation is he getting to enable him to find out the exact strain of this virus, the location of the pig farm that it is presumed to have come from, and the way in which it mutated there? That information will clearly have an enormous effect on how fast or far it might spread.

Alan Johnson: I am afraid that I do not have any more information on the mystery of what is happening in Mexico. The Americans are certainly working very hard on this. There was a report today of the death of a baby in America, which is the first death outside Mexico. It was a Mexican baby who had gone across to America to be treated. So we just do not know, yet, but the scientists are working very hard to find the strain of the virus and to produce a vaccine. That is their major preoccupation at the moment, but it will be some time before we know those things. I will keep the House updated, and as soon as we know anything, I will report it to the House.

Mr. Anthony Steen (Totnes) (Con): The Paignton community college happens to be in my constituency, although I do not know exactly where the child in question lives. There is widespread concern in south Devon that it will become a no-go area, that people will be told not to travel there by train, that the hotels will empty and that no one will go near the place. I think that the Secretary of State has an obligation to explain just how serious a threat this is, and just how serious it is for people not to get worried about travelling, and to carry on with their present arrangements. Can he give the House that assurance?

Alan Johnson: I certainly can. This is a phase 4 alert, but even if we were at phase 6, we would not be advising people to stop travelling around the country. If we were to do that, we would actually make the situation worse because important people would not be able to get to work and we would have a worse situation on our hands. On the situation in Paignton, I have now responded to both Members concerned, because there was some ambiguity about which constituency was affected. I hope that we have made it abundantly clear—we certainly did so at the press conference earlier—that the little girl was on the same plane from Mexico as the two affected people in Scotland. There is a clear link with Mexico. She is taking the antivirals and responding extremely well. We have contact-traced everyone who was involved with her, and there is absolutely no reason for anyone not to travel to Paignton or anywhere near there.

Mr. David Drew (Stroud) (Lab/Co-op): The virus has already jumped between species. Although the pathogenesis might be complicated, it is obvious that we need a mechanism for dealing with animals as well as humans. What mechanism has the Secretary of State put in place for the Secretary of State for Environment, Food and Rural Affairs to ensure that the animal health laboratories at Pirbright and Weybridge are able to carry out full surveillance of the appropriate animals to ensure that the virus does not jump between species in this country?

Alan Johnson: My hon. Friend raises an important point of which my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is fully aware. At the moment, we are not at any stage where we have any fear of this being something that is affecting animals in this country. We do not import any pigs or pig products from Mexico. The various agencies are keeping this under review, but our primary concern at the moment is that this is affecting humans. We need to keep the other issue under close oversight, obviously, but as I say, I do not want any message from the House suggesting that we have a problem with the UK pig population.

Mr. Hugo Swire (East Devon) (Con): Many schoolchildren and their parents in Devon and elsewhere will be very concerned about this, not least if there is an extension in terms of quarantining schools that may have these outbreaks. Will the right hon. Gentleman consult the Secretary of State for Children, Schools and Families to ensure that there is provision for those who are barred from attending school when it comes to their exams?

Alan Johnson: I will talk to my right hon. Friend, but at the moment it is far too early to be thinking about that. I repeat that we are looking to isolate and contain this, which means it makes sense to close the school in these circumstances. I hope that other schools will not be affected, in Paignton or anywhere else, but we need to look at this on the basis of which phase of the situation we are in at the moment, and the advice of the local education authority and teachers. We will also have to deal with the situation with exams, which we dealt with during the floods a couple of years ago, as part of those measures.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Will my right hon. Friend advise the House that the measures announced today will apply throughout the UK? Will he also clarify who will have overall responsibility for dealing with this issue in the UK?

Alan Johnson: These measures will apply within the UK. This is a United Kingdom strategy. It would be ludicrous for us to have any other strategy but a UK strategy. The devolved Administrations are working extremely well with us. They are at the civil contingencies committee meeting every day. As to who has the lead on this, that is not a question that should arise. We are working together very effectively to deal with this problem.

Richard Younger-Ross (Teignbridge) (LD): If there is any doubt, the upper school is, I believe, in the constituency of the hon. Member for Totnes (Mr. Steen) and the lower school in the constituency of my hon. Friend the Member for Torbay (Mr. Sanders), and the child concerned—*[Interruption.]* The child concerned is in the school in my hon. Friend's constituency.

Considering that there are large numbers of elderly people and particularly vulnerable groups in south Devon, and considering the difficulties and fears that they face, will the Secretary of State meet a delegation of south Devon Members of Parliament, perhaps along with Members from other areas that are affected, to discuss these issues, because there are a number of questions that we wish to put?

Alan Johnson: I will consider whether one of the ministerial team can do that. This is a hectic time and the situation is moving quickly. I suggest that if we can deal with some of those questions in correspondence or phone calls, we will. If hon. Members require a meeting, of course, as with all Members of the House, we will ensure that that is facilitated.

Mr. John Gummer (Suffolk, Coastal) (Con): I wonder whether the Secretary of State will help us. Although it is absolutely clear that the problems for humans are the key issue, it is important, in advance, to ensure that all the veterinarians in the European Community have made the decision that they will act in concert. Although we do not import from Mexico, historically we have found that if such action is taken when there is not a problem, so to speak, people at least know what will happen. I have some personal experience of that aspect.

Alan Johnson: The right hon. Gentleman certainly has more experience than I have on these issues. I will ensure that the points made by him and by my hon. Friend the Member for Stroud (Mr. Drew) are drawn to the attention of my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs tomorrow, so that we can consider giving proper information to Parliament and elsewhere about how we are dealing with these specific issues of whether there could be a switch over into the animal population.

Mrs. Theresa Villiers (Chipping Barnet) (Con): Will the Secretary of State confirm that one of the cases to which he referred in his statement has occurred in the borough of Barnet? Will he join me in sending the good wishes of the House for a swift recovery to the individual concerned? Will he give reassurance to my constituents in Chipping Barnet that every possible effort is being made to trace those who have come into contact with the individual concerned? Will he ensure that Barnet's primary care trust and Barnet council are fully briefed on the situation? At the moment, the council is anxious to do everything it can to help, but is finding it difficult to get information about what is happening from the Department of Health.

Alan Johnson: Yes to all those questions. If problems getting in touch with the Department of Health are being experienced in the hon. Lady's constituency, perhaps she will let me know the nature of those. Today has been difficult, because the cases were reported around the late morning and midday, and the gentleman concerned is now being treated in hospital. We will try to resolve any breakdown in communications.

Dr. Richard Taylor (Wyre Forest) (Ind): Is it the intention that every patient who phones their GP after

[Dr. Richard Taylor]

having isolated themselves at home will get the test, so that they will know whether they and their close contacts must have antivirals?

Alan Johnson: That is what we are trying to do. Those concerned have had a connection with Mexico or people on flights from Mexico—that is the basic issue. We want to differentiate those people who are just feeling ill and those who have a link to Mexico. At the moment, not a single case has arisen anywhere that does not involve a recent trip to Mexico.

Dr. Andrew Murrison (Westbury) (Con): In outlining his plans for barriers and chemoprophylaxis, the Secretary of State has rightly focused on health care staff. Were the situation to go to level 6, however, he would have to consider other infrastructure-critical workers. I wonder what thought he has given to that, and which workers he has identified as potentially being in need of prophylaxis to keep our infrastructure on an even keel.

Alan Johnson: We have considered that, and it is set out in some detail in our framework for when we move to phase 6, and indeed to phase 5, when some of the preparations will start. I do not want to list the workers concerned, because such a level would involve fatalities, and an awful lot of staff would be covered. Perhaps when we move to that level, a full list of people—

Mike Penning (Hemel Hempstead) (Con): When?

Alan Johnson: The hon. Gentleman asks, "When?" from a sedentary position. As the World Health Organisation is now considering moving to phase 5, we should not be optimistic that the situation will stay at phase 4. At that stage, we will make it absolutely clear that other workers—too many to mention in this statement—will need to be covered.

Angela Browning (Tiverton and Honiton) (Con): Will the hygiene advice to households include more than the basic hygiene rules mentioned in the Secretary of State's statement, so that those who have to nurse relatives at home can attempt to replicate some sort of barrier nursing domestically?

Alan Johnson: Not at this stage, although the basic hygiene messages are the important ones at the moment. The hon. Lady makes an important point about the role of carers, if we move to a full-blown pandemic, in collecting antivirals and so on. We want everyone, including carers, to abide by those basic, good-sense messages about hygiene, in all spheres.

Gurkhas

7.43 pm

The Minister for Borders and Immigration (Mr. Phil Woolas): This Government respect the will of the House of Commons. As the Prime Minister said today, this Government took the first action to provide justice for the Gurkhas and enable them to settle in the United Kingdom. Under this Government, the first ever rights of settlement for Gurkhas in Britain have been granted, and 6,000 of them have applied successfully to settle in this country.

We have also introduced equal pay and pensions for the Gurkhas—something that had not happened previously. We doubled the pensions of people staying in Nepal and increased the overall pension for Gurkhas, especially those at a senior age. The guidance that we introduced last week will increase the number of Gurkhas eligible to come to this country by 4,000 or, including families, about 10,000 people.

However, we recognise the strong feeling in all parts of the House on this subject. As was recognised in the debate this afternoon, this is a complex issue with wide-ranging implications. The cost of implementing the decision of the House of Commons could well run into billions of pounds. The Government also have an obligation to consider the precedent for future decisions on other immigration categories, and wider Government policy. We cannot, therefore, responsibly or fairly rush into the formulation of new policy. We can and do commit to immediate action on individual cases, and we are setting a clear time frame for the next stage of the reform.

In the light of the decision of the House, I am bringing forward the date for the determination of the outstanding applications to the end of May. That will ensure that those who qualify under the guidelines now in force get confirmation of that as soon as possible, and we will report to the House the outcome of this work. In addition, based on that work, and recognising the strong feeling of the House, we will come forward with proposals for the next stage of our reform of the rules, to ensure that the Government continue to deliver a fair outcome for ex-Gurkhas and their families. We will publish this next stage before the summer recess.

I said in the House earlier that we cannot foresee circumstances in which ex-Gurkhas in the UK, who have served this country so well, would ever be removed from the United Kingdom. I can now say, in addition, that anyone whose case is considered under the current guidelines and does not qualify, whether in the UK or in Nepal, will not have that decision implemented pending the publication of the next stage of our reform.

The House of Commons Select Committee on Home Affairs has indicated its intention to conduct a hearing on this issue next week, and I welcome that. In addition, I will share our review of the applications with the Committee, once it has been completed. We will consider the guidelines published last Friday in the light of the decision of the House today, and we will introduce proposals based on the experience of our consideration of the outstanding applications.

Damian Green (Ashford) (Con): I am grateful to the Minister for advance sight of his statement. He clearly recognises the importance of what happened earlier.

The House of Commons spoke, and spoke clearly—it told the Government that their attitude to the Gurkhas was unfair, ungenerous, and unacceptable. The Opposition parties and brave members of the Labour Party came together to speak and vote on behalf of the Gurkhas and their families. These are people to whom we owe a huge debt of honour, and it reflects well on this House that we have collectively recognised that debt.

It is also good that Ministers recognised so quickly that they needed a new policy, and I can see that the Minister could give us only a holding statement today. The test that we will now apply is whether that policy meets the needs of the Gurkhas and their supporters. Will Ministers be able to look Gurkhas in the eye and say, "We are being fair to you"? *[Interruption.]* The Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), says from a sedentary position that they can do that now. I suggest to him that he should remember that several hours ago the House of Commons told him that he could not do that now. Rather than adopt the arrogant approach of saying that they can do that now, he should recognise that he lost the vote, that the House of Commons spoke clearly and that he should stop trying to defy the will of the House.

This afternoon, I offered the Minister for Borders and Immigration, who throughout this has taken a more sensible view than his colleague from the Ministry of Defence, a route to a position where we could look the Gurkhas in the eye fairly and a practical way of bringing it into law quickly. I suggested introducing a new tier in the points-based system specifically for non-UK ex-service personnel, which would overwhelmingly mean giving these new rights to pre-1997 Gurkhas. I also said that the Minister could introduce this idea, or any of his own new ideas, in the Borders, Citizenship and Immigration Bill, which is about to come to this House. If the campaigners for the Gurkhas are right and roughly 8,000 soldiers and their dependants would want to apply, the problem could be solved within a few years, and the permanent right to settle would be enshrined in that law. I once again commend that solution to the Government.

The Minister once again repeated the claim that the cost would be billions of pounds. How does he arrive at a sum of that magnitude? What age profile is he assuming for those who would want to come here? What illness profile is he assuming and, most of all, what numbers is he assuming to arrive at that very large number? Will he recognise that if he adopted our proposal, or something like it, it would lead to proper control of the cost on an annual basis, as well as meeting our obligations to the Gurkhas? If, as he says, he cannot foresee circumstances in which any Gurkha would be removed from the UK, why does he not simply say that no Gurkha will be removed from the UK?

Above all, can the Minister assure us that the next time he comes before the House there will be some real substance in his statement and a real and substantial change of policy? This has been a bad day for the Government, but much more importantly it has been a good day for the Gurkhas. We need to move on, so that not just Ministers but the whole country can look the Gurkhas in the eye and say, "We owe you a debt of honour and we are prepared to repay that debt." Unless and until we can do that, this issue has not been resolved. We, and more importantly the Gurkhas, will need a good deal of reassurance on that point.

Mr. Woolas: I am grateful for the hon. Gentleman's welcome for the statement. First, he asked whether the Government will be able to look the Gurkhas in the eye. In this afternoon's debate and in my statement, we have explained the proud record that we have in providing support for current and ex-Gurkhas, but clearly both sides of the House feel that we need to go further.

Secondly, the hon. Gentleman asked about the basis for my figures. The lesson of today is that it is easy to form policy in opposition. It is easy to make pledges in opposition, as the former Chief of the Defence Staff, Lord Bramall—no Labour supporter he—said in an article in *The Independent on Sunday*, which I commend to those Opposition Members who may be tempted to crow. The fact is that the commitment to the Gurkhas and their families and dependants would incur public expenditure for the taxpayer, and the responsible behaviour for a Government is to calculate those costs and not rush into decisions.

Thirdly, in response to the hon. Gentleman's reasonable questions, I can assure him that we will cost the policy that he has announced on the hoof today. It appeared to me that that took his leader by surprise. The hon. Gentleman has swapped an immigration cap for an immigration helmet. If he fulfils his pledge to the Commonwealth servicemen that they will have the rights that he wishes the Gurkhas to have, his policy for a cap on immigration would have severe implications for tiers 1 and 2 of the new points-based system. In fact, we calculate that the numbers would wipe out tier 1 altogether. I look forward to the hon. Gentleman trying to square that circle—*[Interruption.]* It is characteristic of him that he chunters rather than answers the question. The Conservatives' policy would involve a cap as well as a separate tier.

The hon. Gentleman asked—*[Interruption.]* Listen to this point, because the Gurkhas deserve our respect. The hon. Gentleman asked whether any Gurkha would be removed. I think that he accepts—he made this point in the debate—that there are certain provisos and a presumption on this point. The policy situation is that removals are looked at case by case. No Government can give a blanket general policy on deportation for fear of setting a precedent that the law could apply elsewhere, with unintended consequences.

I made the position of my right hon. Friend the Home Secretary very clear: we cannot envisage circumstances in which people involved in the applications will be deported. In recognition of the debate this afternoon, I give again the commitment that we will not take action against people from the 1,500 who do not meet the current guidelines until we have clarity on the new guidelines. I hope that the hon. Member for Eastleigh (Chris Huhne), whose debate it was, accepts the genuine intention of the House in that regard. The hon. Member for Ashford (Damian Green) asked for "real substance", and I think that that measure will be the test. We are committed to it.

Chris Huhne (Eastleigh) (LD): I am grateful to the Minister for giving me advance sight, albeit fleeting, of his statement, which was obviously done in some haste. I thank him, too, for responding so quickly to the requests of my hon. Friend the Member for Somerton and Frome (Mr. Heath), who asked that he come to the House and make a statement as soon as possible in

[Chris Huhne]

response to the House's clear view this afternoon. That was a victory for democracy and for the will of this House.

Frankly, that vote was an historic moment. It was only the fourth defeat of this Government since 1997. However, I am trying to make a point not about party politics, but about the widespread feeling across this House that the Gurkhas were not being treated as fairly and equitably as they should be given the exceptional service that they have rendered to this country. We had to move beyond looking in detail at the penny-pinching aspects of this decision, and we made a rather larger statement about what we felt to be our moral obligations to the Gurkhas, given that they have served with such distinction and have been prepared to lay their lives on the line for us.

The test of what the Government do will be actions and not words. I welcome the most important aspect of this statement, which came at the beginning when the Minister said clearly that this Government respect the will of the House of Commons. In his response to the hon. Member for Ashford (Damian Green), he slid a little way back into the to-ing and fro-ing of the earlier debate, but I hold him to that early statement, because that is the fundamental point.

I have some detailed questions about the statement, and particularly about the costs. We have now had three estimates of the likely costs—one of £1.5 billion, one from the Prime Minister of £1.4 billion and now one from the Minister, which states that the costs of implementing the decision could well run into billions of pounds. We have an entire absence of detail about what the Home Office, the Treasury and the Ministry of Defence think that the costs are. At no point in today's debate were any of the details spelled out, and I believe that it would be very helpful for the Home Office to put a note in the Library to spell out what it believes the public expenditure implications are and, importantly, what it thinks that the revenue implications should be. The House should remember that if we allow indefinite leave to remain to a large number of extremely hard-working, diligent and skilled men, who are still young, there will be revenues for the Exchequer that can be put off against those items of expenditure.

I understand that much of the detail will need to come later, but I seek reassurance about one aspect of the statement. The Minister says that he cannot foresee circumstances in which ex-Gurkhas in the UK who have served this country so well would ever be removed. I very much welcome that, as I am sure do hon. Members from across the House, because that was the clear implication of what we voted for this afternoon. However, I am concerned about the circumstances under which those people will be in the UK. For example, would they have temporary permission to work? Will they be able to survive in a way that does not push them into—

Mr. Speaker: Order. I am going to gently interrupt the hon. Gentleman. I have made a ruling that Front-Bench Members should not monopolise the questioning session in statements. The Liberals get three minutes, but we are now into four—*[Interruption.]* I hope that the hon. Member for Oxford, West and Abingdon (Dr. Harris) is not going to defy the Chair or give me a hard time. I just do not want a hard time tonight. The hon. Member for Eastleigh (Chris Huhne) is well into four minutes now. He can have a few more seconds, and then he should let the Minister answer.

Chris Huhne: Thank you, Mr. Speaker, for the latitude that you have given me. It was, of course, a Liberal Democrat debate, and I am therefore—

Mr. Speaker: Order. I am not considering what happened this afternoon. I am considering the fact that my policy has always been that a Minister comes to the House and gives information. This Minister has done that, and now Back Benchers and not Front Benchers have to questioning him. The best thing that I can do is call the Minister to respond.

Mr. Woolas: Thank you, Mr. Speaker. The hon. Member for Eastleigh (Chris Huhne) asked a number of questions. I am sorry if the appearance is given that the Government are penny-pinching. It is the responsible act of a Government to look at the potential cost implications for the taxpayer. That would be right in any event, but it is especially right in the current circumstances. The fact is—and the hon. Gentleman accepted as much—that, in advance of new guidelines, we do not know how many applications and settlements there will be. We can only make estimates: we will do that to the best of our ability, but without political interference from Ministers and based on the best available advice.

The hon. Gentleman said that there was a hint of sliding back in my statement. I was not at all intending to slide back from our commitment that the Government recognise that we must implement the will of the House of Commons. I was trying to make the partisan political point that his policy—that is, the one set out by the hon. Member for Ashford (Damian Green)—was made up on the back of a fag packet. The policy set out by the hon. Member for Eastleigh, of course, was made up on the back of a matchbox.

The hon. Member for Eastleigh asked about costs. I answered his point before, but I am not aware that I used the £1.5 billion figure. The £1.4 billion figure is our best guesstimate, but I must tell the House that that is an annual figure that will not apply for ever. If, as a result of decisions for Gurkhas, the policy to be adopted by the Government and accepted by the House were to allow settlement rights for Commonwealth soldiers and former soldiers that went beyond those currently available, there would be implications. In our view, we believe that in total they would run into billions of pounds. I do not say that as a scaremongering tactic. We lost the vote, so it would serve no purpose to say that now. I say it only to inform the House.

The hon. Member for Eastleigh then mentioned the revenue implications, but the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), has pointed out that the Government anticipate that older members of the Gurkhas will tend to take advantage of the change. That is recognised by the Gurkha campaign, and there is already anecdotal evidence that that is the case.

Finally, the hon. Gentleman asked about deportations. I remind the House that the Government have powers on discretion anyway, consequential to the Immigration

Act 1971. I think that all Members of the House—apart from one right hon. Gentleman, who is not listening—will know that we have discretion under the 1971 Act, which of course means that we have more flexibility than is provided under the strict guidelines.

Martin Salter (Reading, West) (Lab): I suspect that tomorrow will be a bad day for the House of Commons, but today was a very good day for Parliament. Some 1,350 Gurkhas will now not face deportation. An unacceptable policy put forward on Friday was disowned on Wednesday, and will be reviewed in a matter of weeks. Does the Minister accept that one of the most offensive arguments put forward was the assumption in advice given to Ministers—I have copies of that advice—that those Gurkhas will be on the dole and on the council housing waiting list? In fact, studies that we have done in communities with substantial numbers of Gurkhas show that the Gurkhas are working, are economically active, pay their way, and will make a massive contribution to this country.

Mr. Woolas: I am grateful to my hon. Friend for the points that he raised. He organised the meeting in the House of Commons during the consultation. May I say, for the record, that as a result of that meeting we revised the figures, based on the evidence that he and others presented? I intend to keep an open mind on the figures, because many people have many different points of view.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): The Minister has made much this evening of the costs of the decision that the House of Commons took today. The costs come to about £1.5 billion, if one takes the average of the various figures that have been bandied about. Will he please put that in the context of the costs of immigration in this country as a whole? Could he please take into account the cost of supporting asylum seekers and refused asylum seekers, the cost of benefits, and the cost of all the other aspects of immigration that we in this country willingly take on board? Why are we so unwilling to take on the relatively minor costs in this case?

Mr. Woolas: The right hon. Lady has been consistent in her point of view—

Mr. Patrick McLoughlin (West Derbyshire) (Con): On most things.

Mr. Woolas: On all things, I think. The right hon. Lady has been consistent, and I respect that, and I understand the question that she asks. The answer is that the Government are implementing the biggest shake-up in immigration policy since, I would argue, the arrival of the Empire Windrush. It has been an important policy, and I think that she supported the main thrust of the issue. However politically convenient her argument is, it does not take away the fact that the costs of expanding the guidelines are real. Indeed, I think that I am right to say that the Ministry of Defence pension is a pay-as-you-go pension. An additional cost to it would have to be met from defence budgets. I know that the right hon. Lady would be the first in this House to stand up and complain if there were cuts elsewhere as a consequence of the arithmetic done to balance the books.

Keith Vaz (Leicester, East) (Lab): Nobody doubts the Government's commitment to the Gurkhas, given what the Government have done so far. The problem has been the way in which the issue has been handled. I wrote to the Minister on 4 November last year, setting out a clear and unanimously agreed policy put forward by the Home Affairs Committee. He took six months to reply to that letter, and answered it last Friday. As the debate went on, the policy was changed by the Home Secretary, who e-mailed Members of the House announcing a change in policy regarding the review. That is not the best way to handle a sensitive policy of this kind. However, I welcome the Minister's commitment to working with the Select Committee, and I am extremely grateful to the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), and the Minister for agreeing to come before the Select Committee next Tuesday. Let us have a commitment to work with Parliament and the Select Committee, so that we can have a just policy for the Gurkhas.

Mr. Woolas: I am very grateful to the Chairman of the Home Affairs Committee for saying that I agreed to come before the Committee. I did agree to do so, but I suspect that I would not have had a choice if I had not agreed; I would have been there anyway. As I hope he knows, I respect that; I think that Select Committees do a terrific job.

There are implications for other areas of immigration policy—the House can have a debate, but that is a fact, as former immigration Ministers on both sides of the House have recognised—and there are unintended consequences, which is why we took so long, particularly regarding the issue of Commonwealth soldiers. If hon. Members do not think that there would be legal cases in the courts very quickly as a result of an expansion of policy on the Gurkhas, they should reconsider their position. I am grateful to my right hon. Friend, however: we will take the Select Committee very seriously and share our findings with it, as I said in the statement.

Sir Menzies Campbell (North-East Fife) (LD): The Minister is to be commended for finding a reverse gear quite so quickly. However, does he regret the fact that the Government failed to accept not only the letter but the spirit of the judgment and the action for judicial review last September? Does he now accept that if the Government had accepted the spirit of that judgment, they would have been spared their embarrassment, and the Gurkhas and their dependants would have been spared both uncertainty and anxiety?

Mr. Woolas: I know that the right hon. and learned Gentleman follows these issues closely, but I have to disagree with his interpretation. Our view is that we have accepted the spirit of the judgment that related to the guidelines. The debate and the dispute have been about the 1997 cut-off. I respect the debate and his point of view which, again, has been consistent, but for the record it is unfair to say that the Government did not accept the spirit of the judgment. *[Interruption.]* No, the judge was very clear that the 1997 cut-off was fair. He said that it was "not…irrational", and he called

[Mr. Woolas]

on us to clarify the guidelines. We have done so, but the House wanted to go further, and I recognised that in the statement.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I welcome my hon. Friend's statement, particularly the speed with which he has returned to the House after the vote to make some clarifications. I also welcome the fact that the deadlines for the various phases of his approach have been shortened. Does he accept that the core of the problem is the disparity between the Government's estimate of the number of people who would be affected one way or another by the new guidelines and the estimate by people who are campaigning on the Gurkhas' behalf? Will he give us an assurance that the exercise that he is about to conduct will provide a definitive answer?

Mr. Woolas: That is an important point, and I can give my right hon. Friend that assurance. I know that the House was frustrated by the debate on the numbers, but I attempted to clarify the position. My understanding is that the figure of 100 that the campaigners used was their estimate of how many of the 1,500 outstanding applications would meet the guidelines. That is a trivial figure in terms of the total numbers, and I have explained that we will not refuse any of the others until the new guidelines have been put in place. I thank my right hon. Friend for his role in that policy development.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I am enormously pleased that, whatever the Minister's personal views, the Government have decided that their position is unsustainable and that they will look at this matter seriously. In the past, I have had the privilege of serving alongside the Gurkhas, who are a remarkable body of men. We owe them a massive debt of gratitude, not just for their service in previous wars but, I am sure, for their service in future wars in which we may have to call on them. The right thing to do is to take the course of action on which the Minister has embarked, and I urge him, when he meets his civil servants and anybody else who talks to him about the problems, to take on a wholly different attitude and say, "Let right be done."

Mr. Woolas: I understand the right hon. Gentleman's point, but may I repeat to the House what my right hon. Friend the Home Secretary, my colleagues from the Ministry of Defence and I have said? We want to do right by the Gurkhas in a way that does not set a precedent that is damaging to the UK taxpayer or the immigration system. Within that context, I welcome the point that the right hon. Gentleman makes.

Mr. Gordon Marsden (Blackpool, South) (Lab): The debt of honour that we owe to the Gurkhas is one that has been felt particularly strongly in Blackpool because of the historic connections of the town with the far east in the second world war and since. The issues have been brought home forcefully to me and to my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble). Having been dismayed at the initial proposals, I welcome the changes that were announced not just in the debate this afternoon, but in the further statement that my hon. Friend has made. They underline what the Government have done for Gurkhas over the past five years, which was too often forgotten in today's debate.

One point of contention today was the issue of 20 years' service. I heard some of the explanations relating to the lower ranks, but if my hon. Friend were able to give us, perhaps during his appearance before the Select Committee, a full and definitive account of how the roll-over period from 15 years works to benefit lower ranks, that would be greatly appreciated.

Mr. Woolas: Thank you. I pay tribute to the role of my hon. Friend and his colleague, my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble). I am aware of the importance of the issue in Blackpool—Britain's finest tourist destination. [HON. MEMBERS: "Oh!"] The Conservative party's policy seems to be to decry Blackpool. The intent of the policy on the 20 years' service was to recognise the judge's ruling that the guidelines should be clear and should take into account both quality and quantity of service. People have ascribed to us unfairly a motive that did not exist. Under the current guidelines, [illegible]ears takes in 2,000 Gurkhas who would not have been included, had we not introduced the 20 years criterion. Clearly, we will need to consider the matter in the light of the view of the House and bring forward revised proposals in the review.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The one thing missing from the statement is what lessons the Government have learned from a policy disaster that could have been averted if they had accepted the spirit of the judgment. In the same Department, on the highly skilled migrant programme, the Government have lost twice in the High Court and are still havering about doing the right thing, even in the case of economically productive migrants. Will the Minister say whether he thinks the Secretary of State has learned that an early change of policy on these matters would be welcomed, not condemned?

Mr. Woolas: I thank the hon. Gentleman for his comments, but I do not accept his point about the highly skilled migrant programme. A legal point was argued; the Government had one point of view, and some lawyers had another. I do not accept, as I said in answer to the previous question, that we have gone against the spirit of the judgment. The problem has been—as a parliamentarian, the hon. Gentleman will no doubt accept this—that the intent of Parliament and the rulings of the court sometimes present difficulties for the Executive. That is the square that any Government must circle, and it is an important point. The court's judgment was that the 1997 cut-off was fair and not irrational, but the guidelines should be clearer. The issue that has been debated today was not, in principle, the judgment of the court, nor should it be. I think the hon. Gentleman would support the idea that the intent of Parliament should carry the day, not necessarily the flexibility that the courts sometimes exercise.

Laura Moffatt (Crawley) (Lab): I welcome my hon. Friend's statement today. Will he confirm that he cannot offer a blanket guarantee to prevent the removal from the UK of someone who may have served with the Gurkhas, if that removal relates to some offence that may have been committed? It would not be fair or right to allow a rule to apply to one group and not to others.

Mr. Woolas: That is a very important point. In his contribution this afternoon the hon. Member for Ashford (Damian Green) explained the wording of a presumption. The House will understand that in immigration law, as elsewhere, one cannot give blanket guarantees. Were we to do so, all sorts of skulduggery could, and no doubt would, take place. That is my experience.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does my hon. Friend accept that Members on both sides of the House appreciate the policy complexities of this issue, appreciate that the Government have allowed 6,000 Gurkhas to settle—an unprecedented number—and appreciate Ministers coming promptly before the House to make a statement? None the less, Gurkhas occupy a special place in the hearts of British people, and the entire House hopes that Ministers are able to come to a resolution of the issue that the Gurkhas themselves and their supporters in the British people feel is fair and just.

Mr. Woolas: I am grateful to my hon. Friend for her kind comments. I am not sure whether they enhance my career, or perhaps my career is over anyway, but if they were intended to help, I thank her very much indeed. She makes an important point when she reminds the House that 6,000 Gurkhas and ex-Gurkhas have been granted settlement by the Government since 2004. From 1945 to 1997, the number was five.

Michael Gove (Surrey Heath) (Con): The Minister will be aware that I am fortunate enough to have the Royal Military Academy Sandhurst within my constituency, and therefore I am lucky enough to have a number of serving and retired Gurkhas among my constituents. The Minister stressed the costs of the policy that he is contemplating, as though the presence of these heroes in this country were somehow a burden to be borne rather than a thing to be celebrated. Will he now place on the record his view, which is my view, that the presence of the Nepali community in this country is a direct and beneficial contributor to the social, economic and cultural life of our country? We should celebrate what those heroes have done in the past and what they continue to contribute to this country.

Mr. Woolas: I am sorry that the hon. Gentleman thinks that I stressed the argument about costs. I did not stress that argument—it makes up one sentence in the statement. However, it is right to say, as any Government would have to say, that the Executive have to look at the consequences for the taxpayer, not just at the moral issues involved. That is the way of the world.

I understand the point that the hon. Gentleman makes about his constituency, but I am sorry that he feels that he has to ask that question. That contribution has never been in doubt. The Government's policy is that migration to this country on the whole is beneficial, economically, culturally and in other ways. However, it is a question of balance. I know that he speaks on behalf of his constituents tonight, not on behalf of his Front-Bench team, but he needs to look at the pledge made by the hon. Member for Ashford, because if he does not, we will.

Mr. David Drew (Stroud) (Lab/Co-op): My hon. Friend will not be surprised to hear that I will press him again on the need to look at the impact on Nepal. On the one hand the hon. Member for Eastleigh (Chris Huhne), slightly changing his view, and my hon. Friend the Member for Reading, West (Martin Salter), said that there were considerable revenue advantages of Gurkhas settling in this country, which was somewhat criticised by my right hon. Friend the Member for Leicester, East (Keith Vaz). This is not a zero sum game. If there are considerable advantages for people settling in this country, there will be an impact on Nepal. Will he assure me that, with the Nepalese Government and the Indians, who are obviously privy to this matter, he will look at the arrangement to ensure we consider its whole impact? We may have to talk to the Department for International Development about ways in which we provide support, because it is wrong that another sovereign state is being asked to lose out because of changes here.

Mr. Woolas: My hon. Friend's point about consideration in policy decisions of the country of origin is extremely important and is often left out of the debate about immigration and migration. The DFID budget for Nepal is £56 million, and the amount in pensions for Gurkhas in Nepal is £54 million. This is an extremely important contribution to the Nepalese economy, and one that we should not ignore. Consideration of immigration policy should rightly include this area. Remissions are a good thing and are important to many poor countries, but we can teach a man to fish and feed him for a lifetime, or give a man a fish and feed him for the day, and it is important that we do the former.

John Mason (Glasgow, East) (SNP): Having lived in Nepal for three years, and to follow up on the previous point, I seek from the Minister an assurance that there will be no cut in aid to Nepal, because it is one of the poorest countries in the world, and it is not fair that it should suffer in any way.

Mr. Woolas: The Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), who is better informed than I, tells me not only that I can give the hon. Gentleman that guarantee, which I respect, but that £170 million has been announced for the next three years for Nepal. We certainly will not turn our back on Nepal because of this issue, and nor would we want to.

Paul Holmes (Chesterfield) (LD): Lance Corporal Guyanendra Rai served in the British Army for 13 years, and, while fighting in the Falklands war, his back was severely damaged by an Argentine shell explosion. Owing to the fact that he served for "only" 13 years, he was not entitled to a pension or to British residency, unlike a Commonwealth soldier, who would be entitled after four years' service. Will the Minister's new proposals, which are to be put before the House, provide a better and a fair deal for a soldier such as Guyanendra Rai?

Mr. Woolas: I am grateful to the hon. Gentleman. It is very difficult to comment on individual cases, and I add the caveat that I am not aware of the specifics of that case. Under the proposals that we published on Friday, however, his constituent would meet those criteria, and that is certainly the intention of any new proposals, too.

Susan Kramer (Richmond Park) (LD): On a point of clarification, under what circumstances will Gurkhas remain in this country if they do not qualify under the

current guidelines? He said that they will not be deported, but will they be able to work, receive benefits and use the NHS? What will the terms be, because that worries families to this day?

Mr. Woolas: Obviously, again, I must add the caveat that my hon. Friend the Member for Crawley (Laura Moffatt) prompted me to add. My right hon. Friend the Home Secretary has made it very clear to me what she expects, and I should point out that, as well as the guidelines, there are the Secretary of State's discretionary powers, which she has instructed me to use in this respect.

Bob Russell (Colchester) (LD): The Minister is correct to say that his Government have done more for the Gurkhas than any other, and in 18 years the Conservative Government did nothing for them, but that makes the way in which this Government have behaved towards the pre-1997 Gurkha soldiers all the more unfortunate. As he has told the House that he does not envisage deporting any Gurkhas who are currently in the country, what is the problem with issuing work permits immediately to those who do not have them?

Mr. Woolas: I am grateful to the hon. Gentleman for his comments about the Labour Government's actions, and I assure him that, in the current debate, our intention was to do nothing but help Gurkhas—without setting a precedent that would be damaging elsewhere, as I have said before. I cannot answer his question at this point, because of the categories that may exist in respect of migration cases. Under immigration law, one must look at each case individually, but I assure him that our intent is to meet the point that he makes.

Richard Younger-Ross (Teignbridge) (LD): I welcome the Minister's statement. In it, he said that he will bring forward the reform of the rules and that "we will publish this next stage before the summer recess." Will he confirm not only that the Government will publish them before the next recess, but that we will be able to debate them before that recess, and that what he brings forward will take into account the will of the House, given that the original motion called for

"revised proposals that extend an equal right of residence to all Gurkhas."?

That is what the House voted for; that is what the House expects.

Mr. Woolas: I quite understand that, but I am sure that you, Mr. Speaker, will appreciate that it is not within my remit to determine what the House debates. Clearly, I shall pass on the hon. Gentleman's views to my right hon. and learned Friend the Leader of the House. I suspect that, on this issue, however, the House will have a view.

PETITIONS

Sri Lanka

8.29 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I present this petition on behalf of 600 of my constituents who are members of the British Tamil community, who recently came to see me and my hon. Friend the Member for Carshalton and Wallington (Tom Brake) at a public meeting to tell us of their fear, frustration and anger about what is going on in Sri Lanka, and particularly to tell us about their fears for their families in Sri Lanka. Fifty thousand people are trapped in 5 square miles of Sri Lankan territory between the military and the LTTE. They are sitting targets, they are dying, they are being injured, and they are being terrorised. When they do escape, they find themselves in so-called welfare camps, which are little more than concentration camps, with no rights, no food and no humanitarian relief. There is no independent humanitarian access or rights of monitoring.

Outside this place at this very moment, and for many days previously, thousands of Tamils have come to Parliament square to make their voice heard, and today Parliament made its voice heard on these matters.

The petition states:

The Petition of members of the British Tamil community, and others,

Declares that the loss of life, denial of human rights, and restricted access of the United Nations and other relief agencies in Sri Lanka are unacceptable; and further declares that tens of thousands of Tamil civilians have been displaced by military action and face an uncertain future.

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

And the Petitioners remain, etc.

[P000352]

8.31 pm

Mr. Lee Scott (Ilford, North) (Con): I wish to present a petition on behalf of 1,105 residents of Ilford, North.

The petition states:

The Petition of residents of Ilford North and others,

Declares great concern at the present appalling humanitarian tragedy unfolding in the north of Sri Lanka; notes that this conflict has killed at least 70,000 people and condemns the loss of every innocent life; and strongly believes that both sides must abide by their obligations under international law and protect the lives of civilians.

The Petitioners therefore request that the House of Commons urges the Government to take action to help bring about an immediate ceasefire that is recognised by both sides; to help ensure that the UN aid agencies and NGOs are granted free access to the region; to take action to suspend Sri Lanka from the Commonwealth if the Sri Lankan Government does not agree to a ceasefire; and to work towards a long term solution that takes into account the reasonable concerns of all communities in a political process that leads to lasting peace.

And the Petitioners remain, etc.

[P000353]

Immigration (Asylum Seekers)

8.33 pm

John Battle (Leeds, West) (Lab): I am presenting a petition that calls on Parliament to ensure that asylum seekers in the UK receive fair and compassionate treatment. It has been drawn up and collected by the Vincentian Millennium Partnership, which is probably better known as SVP—the St. Vincent de Paul Society. It is supported by more than 11,000 people throughout the length and breadth of Britain. It details a number of difficulties that we all know are faced by asylum seekers coming into the UK, including their being prevented from seeking work, levels of poverty and long periods of detention, all of which make their everyday lives extremely difficult.

The petition states:

The Petitioners therefore request that the House of Commons urges the Secretary of State for the Home Department to ensure that those entering our country seeking asylum are treated in a just and compassionate manner which honours the long-standing British tradition of treating newcomers to these islands with welcome, respect and fairness; and further urges the Secretary of State to seek to enshrine in the Borders, Citizenship and Immigration Bill the rights of asylum seekers to adequate housing, ESOL (English as a Secondary Language) Classes, Criminal Records Bureau checks, earn a wage and contribute to taxes, engage in voluntary work, integrate into local communities, and become valued citizens of the UK.

Following is the full text of the petition:

[The Petition of the Vincentian Millennium Partnership,

Declares that to be an asylum seeker in 2009 in the United Kingdom can entail any or a variety of the following experiences—detention (often for years), poor housing, isolation, being moved at short notice from communities where the person has been integrated for several years with the resulting severance from their regular sources of spiritual, emotional and medical support, being denied a choice of shops through a poverty level voucher scheme which amounts to £35 per week and, most importantly, being prevented from working or from engaging in voluntary work which often leads to depression and a lack of self worth; further declares that refusal by the asylum seeker to comply with the 'system' often leads to destitution and that the only alternative may be criminal activity or prostitution; notes that being an asylum seeker often means being made a scapegoat, especially by the tabloid press which often uses a case of wrong doing by one asylum seeker to demonise them all; further notes that stories about asylum seekers being given priority for high quality housing in preference to local people are blatantly untrue but become part of the myths surrounding them; and believes that to be an asylum seeker in the United Kingdom today is to live on the edge of starvation as a cruel warning to others not to come to the United Kingdom.

The Petitioners therefore request that the House of Commons urges the Secretary of State for the Home Department to ensure that those entering our country seeking asylum are treated in a just and compassionate manner which honours the long-standing British tradition of treating newcomers to these islands with welcome, respect and fairness; and further urges the Secretary of State to seek to enshrine in the Borders, Citizenship and Immigration Bill the rights of asylum seekers to adequate housing, ESOL (English as a Secondary Language) Classes, Criminal Records Bureau checks, earn a wage and contribute to taxes, engage in voluntary work, integrate into local communities, and become valued citizens of the UK.

And the Petitioners remain, etc.]

[P000354]

Post Office Closures (Cumbria)

8.34 pm

Tim Farron (Westmorland and Lonsdale) (LD): I seek to present a petition on behalf of residents of the village of Cartmel, the rural communities surrounding it and the businesses operating out of the village. The petitioners are outraged, as am I, about the closure of their post office, not 12 months after the post office network change programme concluded that it should remain. It has now been downgraded to a part-time, two mornings a week outreach service, with no guarantee of any longevity of that service. On behalf of those petitioners, I wish to present their objection.

The petition states:

The Petition of residents of Cartmel, Cumbria and others,

Declares that the Post Office in Cartmel provided a crucial service which was relied upon by the local community and therefore should not have closed.

The Petitioners therefore request that the House of Commons urges the Government and Post Office Ltd to reinstate a full Post Office branch in Cartmel.

And the Petitioners remain, etc.

[P000359]

Sri Lanka

8.35 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): I should like to present a petition on behalf of members of the British Tamil community and others who support the concerns that many in that community have about the fate of their friends, relatives and compatriots in the north-east of the island of Sri Lanka. I outlined many of their concerns in the debate today.

The petition states:

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

And the Petitioners remain, etc.

Following is the full text of the petition:

[The Petition of members of the British Tamil community, and others,

Declares that the loss of life, denial of human rights, and restricted access of the United Nations and other relief agencies in Sri Lanka are unacceptable; and further declares that tens of thousands of Tamil civilians have been displaced by military action and face an uncertain future.

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

And the Petitioners remain, etc.]

[P000358]

8.36 pm

Susan Kramer (Richmond Park) (LD): I have been asked by members of the Tamil community in my constituency and others across London to represent them by presenting a petition to the House today that reflects their deep concern for relatives and others in the Tamil community who have disappeared in Sri Lanka. They are conscious of the suffering of their families and many of them are unable to be in contact with those families. While they appreciate the debate today, they hope that this Parliament will continue to sustain its interest and concern in their issues.

The petition states:

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

Following is the full text of the petition:

[The Petition of members of the British Tamil community, and others,

Declares that the loss of life, denial of human rights, and restricted access of the United Nations and other relief agencies in Sri Lanka are unacceptable; and further declares that tens of thousands of Tamil civilians have been displaced by military action and face an uncertain future.

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

And the Petitioners remain, etc.]

[P000357]

8.37 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I, too, have the privilege of presenting a petition on behalf of Tamil British citizens who live in south London, but also in north, west and east London, who have come to many of us to seek every opportunity to put their case to both Parliament and the Government. Every day, they have news of further loss, death and injury. They are desperate for a remedy. They appreciate what has already been done, but they are using every method open to them—this is one of the most important methods in our political process—to ask us to ask Government to respond immediately in the best and most energetic way that they can. I join colleagues of other parties in supporting those people.

The petition states:

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

And the Petitioners remain, etc.

Following is the full text of the petition:

[The Petition of members of the British Tamil community, and others,

Declares that the loss of life, denial of human rights, and restricted access of the United Nations and other relief agencies in Sri Lanka are unacceptable; and further declares that tens of thousands of Tamil civilians have been displaced by military action and face an uncertain future.

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

And the Petitioners remain, etc.]

[P000355]

Humberside Probation Service

Motion made, and Question proposed, That this House do now adjourn.—(*Helen Goodman.*)

8.39 pm

Mr. Elliot Morley (Scunthorpe) (Lab): I am grateful for the opportunity to have an Adjournment debate to raise my deep concerns about the effect of proposed cuts on Humberside probation trust, the severe threat to front-line jobs of compulsory redundancies, the threat to the effectiveness of a highly rated and successful probation service, and the threat to the jobs and livelihoods of my constituents and those of my colleagues in the Humberside region.

I hope that my right hon. Friend the Minister will note that such is the concern about the cuts in the service that I am joined here by my hon. Friends the Members for Kingston upon Hull, North (Ms Johnson), for Cleethorpes (Shona McIsaac) and for Brigg and Goole (Mr. Cawsey), and I have also received representations from the hon. Member for Beverley and Holderness (Mr. Stuart) and the right hon. Member for East Yorkshire (Mr. Knight).

I start by stressing that the Humberside service is highly regarded. It was one of the first probation services in the country to achieve trust status. It is made up of dedicated staff, who do an excellent job, often in difficult circumstances. The director general of the national service, Mr. Philip Wheatley, stated:

"The challenges we face in delivering our ambitious objectives are considerable. We must sustain and build on the excellent work being done by staff in probation and prisons who work in challenging circumstances with some of the most vulnerable and demanding people in society."

He continued:

"There has been a significant decline in adult re-offending since 2000 and latest figures show a further fall of 13 per cent. between 2005 and 2006."

That demonstrates the commitment and dedication.

There seem to be two problems currently facing the service. The first is the implementation of the new formula-based system. I can understand the need for efficiencies, but any approach must be fair and rational across the National Offender Management Service. Something is clearly wrong when the formula has such an impact on the Humberside service compared with other services. I know that it is based on conviction rates, but it makes no distinction between types of offence. Although Humberside may have a lower conviction rate than the national average, I understand that the percentage of convictions for serious crimes is higher than average, with all the implications of that for stress on staff and demands on the service. Front-line cuts will not help and I do not believe that they can be justified.

The second problem seems to be Humberside probation trust's application of the cuts. Up to 60 compulsory redundancies have been threatened and discussed with staff, with 82 per cent. of those redundancies falling on front-line staff—probation officers and probation service officers. How can any compulsory redundancy in the service be justified? How does that fulfil the aspirations of the Ministry of Justice and the Humberside service?

I have received many moving representations on the matter from constituents, who are worried about the position. I had a meeting this evening with Helen Burton, a Unison steward and probation service officer from Hull, and Tim Wilson, who is the national officer for the National Association of Probation Officers. I have also had letters from organisations that are involved in working to reduce crime, expressing their concerns that the proposals will not help that goal.

I was especially shocked to hear that 11 trainee probation officers will have no posts to go to. That is not only a personal tragedy for those individuals, but a terrible waste of the money that has been spent on training them. I am also told that case loads for existing staff will increase—in some cases, from an average of 40 to triple that amount.

Mr. Ian Cawsey (Brigg and Goole) (Lab): I congratulate my right hon. Friend on securing the debate. As a former member of the Humberside probation trust board, I have seen for myself the fine work that the staff do.

Does my right hon. Friend agree that the Government have a good stated policy on probation work—they want probation workers to spend less time on office work and on computers and more time dealing with offenders—but that it would be hard to achieve in Humberside if all the cuts went ahead?

Mr. Morley: I absolutely agree with my hon. Friend. He has a long and distinguished connection with Humberside police as a former chairman, as well as connections with Humberside probation service, which adds weight to his comments on this issue. It is essential that we have an efficient service, but I agree with him: I do not believe that what is happening is what the Ministry of Justice intended or that the formula funding that has been put in place was in any way intended to have the impact that it has had. In particular, I do not believe that it was intended to bring about compulsory redundancies in front-line services. I think that I am right in saying that Ministers from the Ministry of Justice have said a number of times that they do not wish to see impacts on front-line services weakening the efficiency of the service.

Shona McIsaac (Cleethorpes) (Lab): I congratulate my right hon. Friend on securing this important debate. Many people affected by the cuts have also come to see me, as has Alan Cotterill, the National Association of Probation Officers representative in our area. Every person who has come to see me about the cuts has said that it is the speed at which they are being made that is so frightening. It seems that no other service in the country is making cuts in quite as headlong a way as Humberside is.

Mr. Morley: I agree with my hon. Friend. I, too, have been in touch with Alan Cotterill, who has made a compelling case on behalf of his members about the problems faced by the service. The speed of the cuts is a concern. It is not just the formula that is an issue, but how it is being applied in the service. I have great concerns about that. However, I repeat: I do not believe that that is what the Ministry of Justice wants. I very much hope that the Minister can reassure us this evening that he does not want to see compulsory redundancies or the impact that they would have on full-time jobs.

Mr. Graham Stuart (Beverley and Holderness) (Con): I, too, am delighted that the right hon. Gentleman has secured tonight's debate. Does he agree that, because of the recession, when we can perhaps expect crime rates to rise, this is exactly the wrong time to cut front-line probation service staff? I understand that, in the opinion of those involved, doing so could lead to an increase in the number of criminal offences committed by people who are not supported to go on the straight and narrow. That means that the right hon. Gentleman's constituents and mine will be suffering from increased lawlessness as a result of the cuts.

Mr. Morley: I certainly agree that we can see the success of the probation service in terms of the reduction in reoffending rates and overall reductions in crime. None of our constituents wants an increase in crime, and the probation service is an important part of that. The Government have recognised that there are bound to be pressures when we are in a recession. For example, they have quite rightly given additional funding to jobcentres to deal with people who have been unfortunate enough to be made redundant. Such issues therefore have to be recognised.

I met the chief executive of the Humberside probation trust, Mr. Steve Hemming, to discuss the proposed cuts, following representations that I had received from constituents. He told me the steps that he was taking to try to encourage voluntary redundancies, but according to my constituents who work in the service, many staff have received formal notification that their posts are at risk of compulsory redundancy. I also share the concerns that my hon. Friends the Members for Brigg and Goole and for Cleethorpes have both put to me, as well as those made in union representations, about the timetable for the redundancies, which is due to commence on 6 May, with dismissals potentially in early June, appearing to be going at breakneck speed. According to the chief executive, part of the reason for that is to do with doubts about the availability of end-of-year flexibility to the service and the way in which the three-year budgets have been put in place. The issue is so serious that even if restructuring is needed, which is arguable, it should certainly be managed in a way that avoids compulsory redundancy.

I have three requests for the Minister tonight. I know that he is a sincere and good Minister, and he has certainly done a lot of work to improve and strengthen the probation service. I do not believe that he in any way wants to see cuts such as these. My first request is that he please look again at the formula and, in particular, at the disproportionate effect it is having on Humberside probation trust—and, indeed, a number of other probation trusts. Its impact is disproportionate. Secondly, will he please look at the issue of end-of-year flexibility and the way in which the budgets have been applied, to ensure that there is some flexibility within the National Offender Management Service budget as a whole, to prevent front-line cuts and compulsory redundancies? Thirdly, will he contact the chief executive of the Humberside probation trust as a matter of urgency and ask him to put an immediate hold on the compulsory redundancy process while the Ministry of Justice looks at the issue and discusses potential options with him?

I repeat that I do not believe that the problems facing the Humberside probation trust are consequences that the Ministry of Justice intended or that it would support. I look to the Minister to give my constituents some hope, to look at the problem that the service is facing in a fair and rational way, and to ensure that there is an efficient, effective service and that people—especially those doing an excellent job in front-line positions—will not face the threat of compulsory redundancy, with all the uncertainty, upset and destabilisation that that brings.

8.52 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I thank my right hon. Friend the Member for Scunthorpe (Mr. Morley) for raising this issue. I am pleased to see a strong Humberside delegation in the Chamber tonight. My hon. Friend the Member for Kingston upon Hull, North (Ms Johnson) is on the Treasury Bench, and my hon. Friends the Members for Brigg and Goole (Mr. Cawsey) and for Cleethorpes (Shona McIsaac) and the hon. Member for Beverley and Holderness (Mr. Stuart) are also present. I confess that, as a graduate of Hull university, I feel an affinity for Humberside, but I shall leave that for another day.

The concerns that my right hon. Friend has expressed have also been raised with me by representatives of the National Association of Probation Officers—its chair, Tim Wilson, and its general secretary, Jonathan Ledger—and by Ben Priestley, the Unison organiser. They are serious issues, and I have taken care to look at them in detail.

As my right hon. Friend has mentioned, there is excellent performance in the Humberside probation trust at the moment. It is consistently rated at level 4 in the latest NOMS agency probation performance ratings, which denotes exceptional performance. Humberside is one of the six probation areas that successfully passed a capability assessment to achieve trust status in April 2008. The trust was then successful in bidding for funding for an intensive alternatives to custody project. It is good at making links to prison and at community engagement on the reducing reoffending agenda, and particularly at developing an innovative approach to working with women offenders. Indeed, I visited the trust about this time last year to see at first hand the work that it does. I visited Hull prison at the same time.

In the trust's offender management inspection report in March this year, all six criteria inspected were found to be well met or satisfactorily met, so it is an impressive organisation. It also passes what I regard as the acid test for the operation of criminal justice agencies, because in Humberside between 2006-07 and 2007-08, there was a 14 per cent. fall in overall crime, a 19 per cent. fall in domestic burglary and a 23 per cent. fall in thefts of a motor vehicle. That shows that, along with the police, the trust is doing something right.

The national position on probation services is as follows. In response to higher expectations, the Government have invested significant resources in the probation service over a sustained period. Between 1997 and 2008, probation funding overall has increased from £540 million to £914 million—a 70 per cent. increase. The number of front-line staff has increased from more than 14,000 employees in 1997 to 21,000 to date.

From that perspective, there has been strong and consistent investment by the Labour Government in the service. Indeed, only last year we put in place an additional one-off investment of £40 million to facilitate the use of

community orders rather than short prison sentences and to improve offender compliance with community orders and licences. Again, there has been success, with the figure on frequency of reoffending falling 23 per cent. over the past six years.

The service nationally receives more than £900 million of public money, but I know that my right hon. Friend would expect us to use that public money effectively. In these times, we have to look at how we use those moneys efficiently. As has been put to me by NAPO, and indeed by Unison, we need to ensure that probation officers spend time managing offenders and not in front of a computer but doing the job for which they are paid, using those facilities as back-up to that work.

We have to accept that we have set challenging efficiency targets for probation areas and trusts. In doing so, we have been clear that the priority is public protection, and that will not be compromised. Resources must be targeted at high-risk offenders and those offenders most likely to reoffend.

In 2009, we have had to make savings of about £20 million from our total budget for probation of £914 million. However, I can inform the House that although the figures have not yet been finalised, we are expecting an overall underspend of about £20 million—the same as the savings that we are asking be made this year. That demonstrates that overall the savings are not unrealistic for probation boards and trusts across the board.

Indicative budgets have been set for each probation area and have been issued. However—this is important for my right hon. Friend to recognise—the director general of the National Offender Management Service has now made it clear that the indicative probation budgets were issued without the knowledge or approval of Ministers, and so have no authority, as there is no comprehensive spending review settlement for 2011-12 onwards. Therefore, there cannot be any accurate indicative budgets for any area of Government spending beyond that period.

Although my right hon. Friend the Chancellor made it clear that the next spending round will be challenging for all Departments, it does not necessarily follow that all services will be affected equally in that spending period. Therefore, indicative budgets for 2011-12 and beyond, nationally and locally, are withdrawn. We will keep those under review. That will have an impact on what Humberside probation will look at for the future.

Mr. Graham Stuart: It is extraordinary to have released indicative budgets without asking Ministers first. If there was ever an area in which I would have thought Ministers were asked for their approval, it would be one such as that. Can the Minister explain how this happened and what he is doing to ensure that no such loss of ministerial control happens again?

Mr. Hanson: NOMS is an Executive agency. We look at these issues in policy terms, but the director general has a number of Executive decisions to take. Issuing indicative budgets is one of them, but we have reviewed the situation with him and reached the conclusions that I have given to my right hon. Friend the Member for Scunthorpe in today's debate.

The probation budgets have been set for this year, and are indeed set for next year. Probation areas have to manage within their means in that respect. In that context, I shall discuss the situation in Humberside. I am grateful for the opportunity to debate Humberside probation trust. Indeed, this morning, I spoke to the chief executive of the trust, meeting him and the director of offender management, Steve Wagstaffe, today to consider those issues. I say again that Humberside still has to look at the efficiency savings that need to be made at the moment. If I may, I shall put on record the overall saving requirement for Humberside for this year.

The area has been required to make an overall saving of £1 million, which is 5.4 per cent.—a budget reduction from £18.2 million to £17.2 million. When we look at the figures in detail, we see that much of the decrease relates to specific allocations such as performance bonuses, which will not be paid this year, of £223,000, or to the trainee probation officer budget, which is being reduced pending a national policy review, saving £310,000. I will touch on the point about trainee probation officers in a moment. Therefore, the actual baseline budget reduction for Humberside probation trust is about £407,000 or 2.5 per cent., from £16.3 million to £15.9 million.

However, the important point for my right hon. Friend is that provisional figures show that Humberside probation trust under-spent its budget last year by £335,000. This year, the demonstrable saving is therefore about £72,000, which is achievable and not an unreasonable savings target. We are considering specifications, benchmarking and costing programmes to identify areas where that can be achieved.

My right hon. Friend touched on linking the budget formula to the number of convictions in an area, so that resources can be allocated fairly in proportion to work loads. I will consider the issues that he raised, and return to him on the matter. To ensure that funding allocations are as fair as possible, several other factors, including current financial performance and the need to avoid radical budget changes in any one area, have been taken into account.

The Humberside probation trust is looking to take steps to ensure efficient delivery of services and prioritisation of resources on the most important areas. The trust is maximising the time that offender managers spend on face-to-face work with offenders by minimising administration and administrative tasks. Strong partnerships are available in Humberside to enable offenders to access services such as housing and employment. That work will be of importance in the future.

However, we need to consider the issues mentioned by my right hon. Friend. In his first 10 days in post, the new director of offender management for Yorkshire and Humberside, Steve Wagstaffe, met individually chief officers and chairs from every area and trust in his region to discuss budget planning. He is carefully monitoring the work being undertaken locally to reduce the number of managerial and back-office posts in order to concentrate resources on the front line.

Trade union engagement nationally and locally is also important to ensure that staff are treated fairly. The Government are doing all that we can, and I have encouraged engagement nationally, with NAPO and Unison, to ensure that positive work is undertaken through the national joint negotiating council.

On redundancies in Humberside, 58.25 full-time equivalent staffing cuts are planned for 2009-10. Within that, 16 voluntary redundancies are already confirmed.

[Mr. Hanson]

A further 20 post holders have applied for voluntary redundancy or flexible retirement, and those are still to be confirmed with the Humberside probation trust. Therefore, 36 of the 58 staff required have already applied for voluntary redundancy. With a staff turnover of between 1 and 2 per cent. in any given year, and secondments, that will account for the bulk of the remaining posts.

Following the pressure applied by my right hon. Friend, my hon. Friends the Members for Cleethorpes and for Brigg and Goole and the hon. Member for Beverley and Holderness, I am confident that there are no firm plans for compulsory redundancies. I am also confident in the assessment of the director of offender management and the chief of Humberside probation trust that the savings required can be made without a dip in performance. Obviously, we will need to continue to monitor the situation.

Mr. Morley: It is only fair to put on record my appreciation and thanks. It is excellent news that there will not be compulsory redundancies. I was fascinated to hear the details of the budget, which throws a different light on some matters. Will my right hon. Friend assure me that the compulsory process and notices that have gone out will be changed as quickly as possible, and that staff in the service will be reassured?

Mr. Hanson: As I have said, my official, the director of offender management, Steve Wagstaffe, is in close discussion with the Humberside probation trust. I have tried to indicate to hon. Members that the planned cuts of 58.25 full-time equivalent posts have more or less been met through voluntary redundancy requests and staff turnover. I confirm that there are no firms plans at this time for compulsory redundancies, and I am confident that the director of offender management will discuss with the chief executive of the trust how to deal with those issues. In fact, any decisions to make staff redundant in the region, including by Humberside probation trust, will need to be referred through Steve Wagstaffe, the director of offender management for the region. With responsibility now for offender management services in prison and probation, he will be tasked with exploring every option before any front-line compulsory redundancies are made—there is a willingness now to try to avoid those. That will potentially include realigning budgets across and between probation areas, and indeed between prison establishments, where necessary. In order not to increase the staffing pressures on probation boards and trusts, the director of offender management has already determined that seconded probation staff levels in prisons will not be reduced this year.

This process is being mirrored across the country. In every region, directors of offender management are challenging assumptions, tackling the difficult questions and examining these issues. We are trying to ensure that we undertake these services in a positive and productive way. As I have said, I want to try to protect the front line, while making efficiency savings, as we all want to do. In difficult and challenging times, none of us in this House wishes to see resources from taxpayers not being put to their most effective use. I know that even the trade unions involved believe that there are more efficient ways in which we can deliver services to protect the public as a whole. There is a better way of working and we do not have to perpetuate the mistakes that we have made.

I think that we can make the savings that are achievable in Humberside this year and next year, and we can ensure that Humberside meets the tests, as it has done already, for trust status. We can also ensure that we continue to protect the public and deliver efficient and effective services, and that we do so in a way that I hope will take my right hon. and hon. Friends with us at a local level in Humberside and in other areas of the country.

These are very difficult and challenging issues, but I strongly believe that my right hon. Friend the Member for Scunthorpe has raised them in a productive and positive way. I am grateful to my Labour colleagues for their attendance this evening, and I hope that there will be an opportunity to discuss these issues with the chief executive and the director of offender management in the coming weeks, to ensure that the budgets for 2010-11 and for 2009-10 are met. The budgets beyond that date are subject to further discussion after the comprehensive spending review, and I hope that that will allow the chief executive and the director of offender management to examine these issues in a new light and in a more productive way, with the option of helping to improve and defend these services for the future.

Question put and agreed to.

9.7 pm

House adjourned.

House of Commons

Thursday 30 April 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INNOVATION, UNIVERSITIES AND SKILLS

The Secretary of State was asked—

Apprenticeships

1. **Mr. David Crausby** (Bolton, North-East) (Lab): What steps his Department is taking to increase the number of apprenticeships. [271876]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): The Government have rescued and expanded apprenticeships. Apprenticeship starts have more than trebled from 65,000 in 1996-97 to a record 225,000 in 2007-08. We are taking further action to promote apprenticeships during the downturn. This week, we announced an extra £7 million for up to 10 new apprenticeship training agencies to help small businesses take on apprentices. We have recently announced a further £140 million to provide 35,000 extra apprenticeship places this year. In January, we launched the online apprentices vacancy matching service to make recruitment of apprentices easier.

Mr. Crausby: The disruption of Britain's industrial base in the early years of the last Conservative Government denied many thousands of apprenticeship opportunities, particularly in engineering. Therefore, will my right hon. Friend ensure that as we come out of this economic downturn, we have an entirely different outcome, and emerge with more skilled young people, not fewer?

Mr. Denham: As a former apprentice himself, my hon. Friend is absolutely right to raise that issue. There is a sharp contrast between the Government's investment in expanding apprenticeships, the industrial policy that we outlined last week to develop our real economic strength, including in advanced manufacturing industries—the industries of the future—and the do nothing approach of the Conservative party when it was in power in the late '80s and early '90s.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): The Government have rightly focused on the pay gap between men and women. Does my right hon. Friend agree that one way of tackling that is to get more women into what are seen as non-traditional sectors for them such as science, engineering and technology? What can the programme of apprenticeships do to ensure that that happens?

Mr. Denham: One of the most important things that we can do is to ensure that in promoting apprenticeships in schools, young women are introduced to apprenticeships that are not the traditional ones for them to enter. The Apprenticeships, Skills, Children and Learning Bill introduces for the first time a statutory duty on schools to promote information about apprenticeships. As part of the guidance that follows that through, we will want to ensure that non-traditional apprenticeships are promoted to young women, and young men, in school.

Tim Farron (Westmorland and Lonsdale) (LD): Just two weeks ago, the university of Cumbria announced a 40 per cent. increase in recruitment to its farm apprenticeships course, and 50 per cent. of those new recruits were from non-farming backgrounds, which is incredibly positive. At the same time, I spent much of my Easter recess visiting more than 300 small businesses in my very rural constituency, and found that the overwhelming majority had not even considered taking on an apprentice and were not aware of the scheme. Will the Secretary of State agree to give additional support not just to small businesses but to those in the tourism sector in rural areas, so that they can take advantage of the apprenticeships scheme?

Mr. Denham: May I draw the hon. Gentleman's attention to the announcement made, I think, at the end of last week, or the beginning of this week, by my noble Friend Lord Young, about funding for group training associations to promote apprenticeships? One of the key ways of getting apprentices in smaller businesses is to ensure that a central agency run by groups of employers provides the administration and support for the apprenticeship scheme. He might like to look at his local economy and consider whether it might be appropriate for him to encourage such an application, because that is part of the practical solution to the issue that he has raised.

Mr. David Kidney (Stafford) (Lab): Will my right hon. Friend's Department link into the fund announced in the Budget that will enable local authorities and voluntary bodies to offer employment to young unemployed people? If people get the opportunity of the six months' employment under that scheme, that could lead to a formal apprenticeship afterwards. That is a path out of unemployment and into a better future for young people.

Mr. Denham: My Department will be involved in the jobs fund in two ways. We will receive additional funding—well over £100 million—to offer more than 80,000 additional training places to young people who have been out of work for 12 months, to ensure that they gain new skills. We will also want to work with employers who create new opportunities to ensure that young people doing those jobs can get the skills to sustain their future employment.

Mr. David Willetts (Havant) (Con): In a parliamentary answer on 20 April, the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), assured me that funding will allow every person who has started an

apprenticeship to complete it. So why are providers approaching us to warn that funding cuts for next year are so severe that they cannot be confident even of being able to maintain their current apprenticeships, let alone meet the Government's ambitious targets for more apprenticeships? Will the Secretary of State consider our proposal for a nationwide clearing house for all apprentices who are now in danger of losing their apprenticeships before they are completed?

Mr. Denham: Two issues are involved. On the funding for apprenticeship training, it should not be the case that training providers are unable to pay for or receive funds for the completion of current apprenticeships. On the second issue of those who lose their jobs because their employers are unable to keep them in work as a result of the downturn, we already have a clearing house in construction apprenticeships, which is obviously one of the most pressured areas, and that has managed to place more than 600 apprentices; we have changed the rules so that an apprentice can continue training for up to six months at college even if they do not have an employer, so that their training is not interrupted; we have reached agreement with the Department for Work and Pensions that—this is unusual—apprentices will automatically be able to continue for up to 13 weeks seeking work solely in the line of occupation of their apprenticeship; and we are discussing with the DWP the best way of ensuring that apprentices whose technical training might be interrupted are able to do intensive work in college to complete their training. I can assure the hon. Gentleman that we are doing everything that I think is feasibly possible to ensure that we continue to support apprentices who might lose their jobs while they are training.

Mr. Willetts: I heard what the Secretary of State said, but I have to tell him that there are training providers who, having seen the provisional proposals for their funding in 2009-10, are not sure that they will have the funding to continue providing the training for apprentices whom they have already recruited. We will be holding him to account for the assurance that he and the Under-Secretary have given. I warn the Secretary of State in respect of any thought he may have had that further education capital spending was under control. He has a plan for 50 per cent. of students to go to university next year, yet he has cut his plans for university student numbers so that it is absolutely impossible for that figure to be reached. Given the current funding pressures, will he consider suspending the reorganisation of all the quangos, which has been estimated to cost £140 million, and devoting that money instead to ensuring that apprentices and students are supported during this Labour recession?

Mr. Denham: I would remind the hon. Gentleman that on 5 January his party announced that it would be cutting my Department's budget by £610 million in this financial year, and he has yet to reply to my letter of 15 January to explain where those cuts would fall, so he is not in a position to talk about this Department's spending.

I invite the hon. Gentleman to follow up with me the points that he has made about training providers. I understand that although it is, of course, necessary to ensure that budgets are adhered to within the Learning and Skills Council on apprenticeships—he will entirely understand that—there should be no question of someone having the funding for an apprenticeship that they have already started withdrawn. I am perfectly happy to follow that issue up.

2. **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): What measures are in place to ensure that contracts let by his Department facilitate the creation of apprenticeship places. [271877]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): The Department for Innovation, Universities and Skills is committed to maximising skills training and apprenticeship opportunities through its procurement programme. In Building Colleges for the Future, we have introduced a firm requirement that contractors working on college construction projects provide a formal training plan and maximise apprenticeship opportunities. We estimate that about 500 apprentices are currently being supported on further education college capital projects—that is equivalent to one in every 20 workers employed. We will ensure that this requirement is extended to cover all future FE college capital projects. We are also encouraging research councils and higher education institutions to seize opportunities to provide skills and apprenticeship opportunities through their contracting processes.

Jim Sheridan: I thank the Minister for that very positive response. Good employers have nothing to fear from investing in apprenticeships for the future, but can he assure the House that those requirements will also be placed on subcontractors involved in this work? More importantly, will he ensure that any company that is found to be engaging in blacklisting people will be excluded from these contracts?

Mr. Simon: Blacklisting is an abhorrent practice. We thought that it had been stamped out in this country under Labour, but if reports of its re-emergence turn out to be true, I know that the Department for Business, Enterprise and Regulatory Reform will take it very seriously and examine it urgently. I can tell my hon. Friend that apprenticeship procurement runs throughout the supply chain and that the guidance from the Office of Government Commerce given only earlier this month sets out how Departments can find their way through the significant legal and technical complexities to ensure that they can agree contracts that provide high quality training as a fundamental requirement.

David Taylor (North-West Leicestershire) (Lab/Co-op): An academically talented young constituent of mine, who is dyslexic, obtained nine A-C grades at GCSE, but failed to obtain English, and was therefore debarred from taking up a level 3 apprenticeship. Will the Minister have a discussion with me to see whether we can encourage the sector skills councils to pay special attention to the creation of apprenticeship places for those who have learning difficulties?

Mr. Simon: I assume that my hon. Friend refers to the same young constituent about whom we have corresponded, in which case I recall that he is now studying his level 3 apprenticeship and progressing well. However, I know

that that does not eradicate the problem and, as my hon. Friend knows, we must strike the balance between accessibility and inclusion for people with disabilities and difficulties on the one hand and maintaining the rigour of the qualification on the other. I met the chair of the Royal National Institute of Blind People earlier this week to talk about these issues as they might affect the specification of apprenticeship standards for England, which sets out the overarching definition of the apprenticeship framework. I would be glad to meet my hon. Friend to talk about such issues in greater depth.

Mr. Speaker: Martin Linton. No, Ken Purchase.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Thank you very much, Mr. Speaker—almost overlooked. [HON. MEMBERS: "Never!"] I welcome the wide extension of apprenticeship schemes into many trades in recent years. What can my hon. Friend tell the House about the demand for places on science, engineering and technology-based apprenticeship schemes and what more can be done to encourage young people into such trades so that we are properly prepared for whatever upturn comes at the end of this recession?

Mr. Simon: My hon. Friend is very unlikely to be overlooked, not only because of his physical size but the magnitude of his personality and authority. He has hit the nail on the head when he talks about demand for advanced and engineering apprenticeships. The provision of such courses is led by demand. Apprenticeships are jobs, and need to be required by the employer. I am glad to confirm that the number of advanced apprenticeships continues to rise and, contrary to what we often hear from the Opposition, continues to rise as a proportion of the total number of apprenticeships.

South Thames College

3. **Martin Linton** (Battersea) (Lab): What recent discussions he has had with the Learning and Skills Council on the funding of phase 2 of the South Thames college redevelopment. [271878]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): My Department has regular discussions with the LSC on the funding for capital projects and I am aware of the position regarding South Thames college following recent discussions with my hon. Friend and the college principal.

Budget 2009 announced that an additional £300 million of capital funding will be made available in the current spending review period to support a limited number of the most urgent projects. Selection of these projects must be based on objective criteria that the LSC is developing in consultation with the sector.

Martin Linton: The Minister has been most helpful, meeting the college principal and me, as has the Chancellor in providing the extra funds. However, the Minister will know that the cranes and contractors are on site, so can he give any better indication of when the LSC is likely to reach a decision?

Mr. Simon: I cannot give my hon. Friend an exact date, but we expect the process that the LSC is leading, to make rapid decisions on the most urgent and high priority projects, to be completed in the near future and the colleges to be given the final go-ahead early this summer.

Angela Watkinson (Upminster) (Con): The Minister's last answer gives me cause for hope that the predicament of Havering sixth form college might be resolved. That college has already spent £6 million on its capital project and the enabling works have included the demolition of a sports facility and three classrooms. These enabling works will have to be reversed if the money is not forthcoming. Will the Minister commit to the future of Havering sixth form college's capital project now, so that it has some confidence that it will make the improvements as intended?

Mr. Simon: I can tell the hon. Lady that I am truly sympathetic to her predicament and that of her college. Many college principals all over the country have undertaken development and preparatory works and have borrowed and spent money on the assumption that they would be able to deliver capital projects that they now find themselves unable to deliver according to the time scales that they first thought. She knows that I will not be able to make commitments about her college now. Indeed, it is not for me to make commitments about the proposals for any college in detail. These decisions have to be made by the Learning and Skills Council through a transparent and open process, particularly in the current difficult climate. We are confident that we will get decisions on the urgent and high priority cases very quickly and on the other cases that do not make it into that category soon thereafter. Colleges that find themselves in difficulties with costs will be supported.

Further Education Colleges

4. **Mr. Hugo Swire** (East Devon) (Con): How much capital expenditure on further education colleges is planned in (a) East Devon constituency and (b) England in 2009-10. [271879]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): While East Devon college has received capital support in the past, there are currently no capital projects under way at either East Devon college or Bicton college. Therefore, there is currently no planned expenditure on approved capital projects in the East Devon constituency in 2009-10.

Budget 2009 announced additional capital funds of more than £300 million for this spending review period—2009-10 and 2010-11—and the total further education capital budget for 2009-10 is £827.6 million. That budget will cover expenditure on projects which have already been approved as well as on new projects.

Mr. Swire: I was hoping to get the Secretary of State rather than the twitterer. The Secretary of State, who is a good east Devon boy, will have heard, if not from the excellent chairman of Uplyme parish council, about the continuing discrimination against schooling and funding for schools in east Devon.

The Minister's reply was very telling inasmuch as he said that there were no plans for capital expenditure in east Devon, which just goes to underline what I have

just said. However, he will possibly be aware of plans to secure the Rolle college campus site in Exmouth following the vacation by the university of Plymouth. We are making strident moves to achieve that. Will he instruct the Learning and Skills Council—or have a discussion with it on this subject—to prioritise that plan, should we be successful?

Mr. Simon: I am happy to speak to the Learning and Skills Council about the hon. Gentleman's project. I certainly was not saying that there would never be any capital expenditure in east Devon, but simply that, as I understand it, there are no plans for FE college capital expenditure at the moment.

Mr. Jim Cunningham (Coventry, South) (Lab): The news of the £3 million capital will be most welcome for Hereward college in Coventry. I am sure that the Secretary of State knows that that college is also a national college for people with learning difficulties and various disabilities. That situation contrasts with the years when the Opposition were in Government, when they never properly funded capital programmes for colleges.

Mr. Simon: As ever, my hon. Friend speaks wisely and convincingly on behalf of his constituents. He makes the unerring and fundamental point that the college capital building programme budget under the Conservatives in their last year in government was precisely nil, whereas we have invested £2.3 million in the current period and are committed to investing as we go forward.

Mr. David Curry (Skipton and Ripon) (Con): The Government and the LSC have said that the programme will go ahead on the basis of those schemes that deliver the biggest return on capital in terms of the enhancement of skills. Will he ensure that the criteria are drawn so that colleges with well-developed programmes that serve predominantly rural areas, which tend to be heavily dependent on a handful of relatively low-paying industries, compete on a level playing field? The move of Craven college from 11 sites to a new site is part of the regeneration programme for Craven as a whole. The upgrading of skills is desperately needed and the college has an extremely good track record in delivering that.

Mr. Simon: The right hon. Gentleman makes a very good point. The importance of skills in the rural areas is absolutely understood, as are the different requirements and conditions there. I have been made aware of that in the meetings that I have had on this matter, and partly through meeting hon. Members from rural constituencies who, like the right hon. Gentleman, have raised the issue. It is something about which I am talking to the LSC, as it and the Association of Colleges put together their open and transparent process to prioritise which colleges get the go-ahead.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I fully understand the need to speed up those projects and colleges to which a financial commitment has been made, but Loughborough is well down the track in terms of planning and development. Will my hon. Friend ensure that colleges such as Loughborough are not precluded from the process? More importantly—and this ties in with the industrial strategy that my right hon. Friend the Secretary of State mentioned earlier—will he ensure that the smaller capital projects that would probably involve colleges such as Loughborough do not get lost in the morass of existing problems and difficulties? Loughborough has a close proximity to the university and is developing many advanced manufacturing technologies. Many good but smaller projects can have a significant impact and they should not be lost in the big picture.

Mr. Simon: My hon. Friend makes a very good point on behalf of his college in Loughborough, as one would expect. No college is precluded from the process: the LSC, in partnership with the Association of Colleges, is prioritising the most urgent and highest priority cases, but all colleges will be part of the process. The LSC is considering its decisions on this matter, and its criteria will include value for money, education and skills and the impact of investment, but I would have thought that it is also bound to take into account the potential benefit of being able to fund relatively small projects. Being small will certainly not be a bar to being considered in the future.

Mike Penning (Hemel Hempstead) (Con): The West Herts college is a fantastic facility that looks after students in Watford and Hemel Hempstead. The capital programme that has been going on for some time has finished in Watford, but now the LSC has said that the final part of the project—the part for Hemel Hempstead—is to be regarded as a new project. The LSC has moved the goalposts halfway through the capital project, so will the Minister meet me and the college's principal, Elizabeth Rushton, to explain exactly how it was able to do that? Coming halfway through the programme, the change will have a devastating effect on the town centre redevelopment that the college is part of.

Mr. Simon: The hon. Gentleman puts the case for his college very well. He would not expect me to comment on the individual case, but I would be more than happy to meet him and his college principal. I have met more than 40 hon. Members and their college—

Mike Penning: The 41st wouldn't hurt.

Mr. Simon: The hon. Gentleman can be the 41st. There are more than a dozen in the diary, and I should be very glad to add him to the list and to see his college principal.

Stephen Williams (Bristol, West) (LD): The £300 million announced in the Budget is not nearly enough to fund the approvals in detail or the approvals in principle that are already with the LSC. Clearly, that means that a rationing exercise will have to take place, and that an awful lot of college schemes simply will not proceed. We need some certainty for colleges and students, and for the building contractors and architects whose jobs are at stake. When will the Minister or the LSC be able to tell the colleges that the plans that they have already worked up and spent resources on will not be able to proceed any further?

Mr. Simon: Nobody is claiming or pretending that the £300 million of new cash that we got in the Budget to spend on building new projects this year is enough to

solve a problem that clearly will not go away overnight. The process will remain difficult and will continue to take some time, but we will be able to bring certainty to urgent and high-priority cases within a few weeks. Colleges that are not able to move at that speed know that we have £750 million available to spend on new college building programmes, going forward. Over the course of the next period we will be able to prioritise, so that, relatively soon, colleges can begin to have a sense of where they stand, and of roughly when they can begin to build.

Adam Afriyie (Windsor) (Con): It is quite clear that our colleges were driven by the Government to spend a fortune on new building plans. Owing to economic mismanagement, the Government now say that they do not have the cash to deliver on their side of the bargain. As a result, hard-pressed colleges up and down the country have lost huge sums of their own money. I recently visited a victim of the crisis, Matthew Boulton college in Birmingham, Erdington, and it stands to lose tens of millions of pounds. So, Mr. Speaker, I would like to offer the Minister, who is the hon. Member for Birmingham, Erdington, the opportunity to come to the Dispatch Box now and apologise to the students, his college and his constituents. The offer is an open offer. Will he take the opportunity?

Mr. Simon: I hate to point out to the hon. Gentleman that he does not know what he is talking about, but Matthew Boulton college is not in Birmingham, Erdington. Everything else that he said was wrong, too. We will be spending £827 million on college building projects this year, £300 million of which is new money. The LSC mismanaged this project, but it is being resolved and we are bringing clarity and certainty to colleges, which is much needed and in good order.

Learning and Skills Council

5. **Mr. Stephen Hepburn** (Jarrow) (Lab): What recent representations he has received on the review of the Learning and Skills Council's capital funding programme; and if he will make a statement. [271880]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): As the House would imagine, I have received many representations about the LSC capital programme, and I have endeavoured to keep the House informed about it. I am grateful to Sir Andrew Foster for setting out clearly how, despite record investment in FE capital programmes, the LSC capital programme came to be over-committed.

In the Budget, we announced an additional £300 million of capital funding for the current spending review. This will enable a limited number of projects to start soon. The LSC is now working with the Association of Colleges, the wider FE sector and my Department to agree the criteria for prioritising the projects that are the most urgent and of the greatest need.

Mr. Hepburn: Does the Minister agree that the decision on which colleges should be given the go-ahead should be based on need and not on who jumped the gun like in some wild west land grab? If so, does he agree that youth unemployment should be a major factor in assessing need? South Tyneside has more than 2,000 young people unemployed, so should it not be top priority?

Mr. Denham: My hon. Friend makes an important point. It is vital that the prioritisation reflects real need, value for money and the impact of the investment that is proposed in a college. My hon. Friend is a strong advocate for South Tyneside college, and I commend him for it. As my hon. Friend the Under-Secretary has said, we cannot and should not prejudge the decisions that the LSC will take, but they must be taken according to criteria that are seen to be fair, transparent and right.

Martin Horwood (Cheltenham) (LD): I am grateful to the Secretary of State for his letter and to the Minister for agreeing to meet me next week along with the principal of National Star college. We hope to establish that the college is one of the most deserving cases as it works entirely with young people with extreme physical disabilities and is half way through the capital transformation of its campus. If the additional funding that is being provided is taken from subsequent years' budgets, will we not be solving some of the problem this year, but creating further problems in future years?

Mr. Denham: The Budget settlement has two elements that are important in bringing certainty and clarity, or as much certainty and clarity as we can, to the current situation. The first is that we have an additional £300 million to spend in this comprehensive spending review, so far as possible front-loaded towards the coming months rather than the latter end of the CSR. The second is the ability to plan into the next CSR at an indicative target of at least £300 million, which gives us the ability to look not just at the work that can be carried out in the next two years, but at how the programme beyond that can develop. By doing that, we hope that we can bring the greatest certainty and clarity to as many schemes as possible, not just in the next couple of years but in the years beyond that.

Sir George Young (North-West Hampshire) (Con): Where the LSC has agreed to a merger between two colleges, as has happened with Sparsholt college and the former Cricklade college in my constituency, and part of the deal was agreement to substantial capital investment on both campuses to deliver the benefits of the merger, can the Secretary of State confirm that those circumstances will have a high priority in deciding which schemes will go ahead?

Mr. Denham: I do not think that I should go further than what I said in my answer about the need for the criteria set out by the LSC to be fair and transparent and to produce the right educational priorities. Every right hon. and hon. Member can clearly argue for the priority that would most fit their case, but my comment is that we should have, so far as possible, a set of criteria that people would think fair. As Sir Andrew Foster set out, we are in a position where expectations were raised in a much larger number of colleges than could be met, albeit with the record expenditure of £2.3 billion that we have. *[Interruption.]* That is set out in Sir Andrew Foster's report.

This is clearly a failure of the implementation of a good policy, and it is clearly something for which the former chief executive of LSC took responsibility. The

report also sets out clearly Ministers' role—or, indeed, lack of role—and the lack of information to Ministers as that situation developed. I now have to try to manage the situation in a way that is as fair as possible to the largest number of colleges. That is the commitment that I can make, but I remind the hon. Member for Bexleyheath and Crayford (Mr. Evennett), who intervened from a sedentary position, that his colleague, the hon. Member for Havant (Mr. Willetts), went to the Association of Colleges conference last year and said that no one could rely on a Conservative Government even to maintain the then planned expenditure for 2010-11. So there is a huge question mark over the Conservative party's commitment to FE capital, as there was in the past.

Mr. David Evennett (Bexleyheath and Crayford) (Con): The Foster report on the Government's mismanagement of the Building Colleges for the Future programme states that the crisis is both predictable and probably avoidable. Colleges across the country are suffering at present, and many plans have had to be suspended. Concerns about the project were raised as long ago as February 2008. The Secretary of State's Department was represented at subsequent meetings where those concerns were repeated. As his officials knew of an impending crisis, why did he not do something about it sooner? Is he not ashamed of the shambles surrounding the programme?

Mr. Denham: The Foster report sets out very clearly where responsibility lies, and as the hon. Gentleman says, it sets out missed opportunities in the LSC to bring the issue to a head and to resolve it. We have accepted the conclusions and recommendations of the Foster report. It is a matter of fact and of record, which was accepted by Sir Andrew, that Ministers were not informed of the scale, nature and, indeed, existence of the problem until the last two months of last year, by which time all the decisions that had contributed to the current problem had been already taken. One of Sir Andrew's recommendations was that my Department should look at the relationship and accountabilities between my civil servants and the non-departmental public bodies for which we are responsible. In part of my response to Sir Andrew Foster's report, I asked the permanent secretary of my Department to review all our relationships with our non-departmental public bodies, so that there is no ambiguity or uncertainty about the responsibilities and accountability of officials who have relationships with those bodies. I think that that was the right response for me to make to Sir Andrew's report.

Adult and Community Learning

6. **Mr. Lee Scott** (Ilford, North) (Con): What arrangements his Department has made for adult and community learning provision in 2009-10; and if he will make a statement. [271881]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): We will invest £210 million in adult community learning in England in 2009-10. We also recently published "The Learning Revolution" White Paper, setting out our ambitious vision for informal learning in the 21st century, with an additional £30 million funding for such learning this year.

Mr. Scott: I thank the Minister for his reply, but is this not just a cover for the £1.5 million-worth of cuts that the Government brought in for these services in 2005?

Mr. Lammy: I am surprised to hear the hon. Gentleman repeat that, because he will know that what his constituents need, particularly at this time, is investment in skills, particularly through Train to Gain, in the workplace. That is precisely what we have done and what we are continuing to do. He should separate that from the learning revolution strategy and, quite rightly, the new investment that we are now making in learning for learning's sake and in all the fantastic activity that is going on in constituencies such as his in supporting book clubs and work funded by other Departments. That is what we are doing, and it is the right thing to do.

Rob Marris (Wolverhampton, South-West) (Lab): Adult education in Wolverhampton is run by the city council, which is controlled by the Conservative party and the Liberal Democrats in a rotten coalition. I urge my right hon. Friend to take no lessons from the Conservative party—the hon. Member for Ilford, North (Mr. Scott) referred to cuts of £1.5 million—because in Wolverhampton alone, the Tory coalition has cut £640,000 from adult education. Will my right hon. Friend join me in condemning that as disgraceful?

Mr. Lammy: It is a disgrace; my hon. Friend is right. It is also a disgrace that the official Opposition indicate that they will make cuts of £610 million, but give no sign of where the axe would fall.

Mr. Henry Bellingham (North-West Norfolk) (Con): Will the Minister pay attention and look at the college of West Anglia, which has a fantastic reputation for adult and community learning provision? Is he aware that it was granted in principle funding for two new sites, with capital expenditure of £150 million, but that that has been put on hold? The college has spent all its reserves and made major commitments. Is he aware that the project was to have been part of a major regeneration programme in south King's Lynn and an aspect of a key skills agenda in an area where unemployment is going up?

Mr. Lammy: The hon. Gentleman puts his case, as have many hon. Members. I refer him to what has been said.

Further Education

7. **Mr. John Baron** (Billericay) (Con): How many publicly funded further education courses there were in (a) Billericay constituency and (b) England in (i) 2005 and (ii) 2008. [271882]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): In 2005-06, 3.85 million adult learners resident in England participated in LSC-funded skills courses. In 2007-08, that total

was 3.28 million. The corresponding figures for the Billericay constituency were 5,960 in 2005-06, and 5,060 in 2007-08.

Mr. Baron: Given that answer, may I raise the issue of bureaucracy? According to the Association of Colleges, the funding system for FE colleges is too slow and too many rules restrict the flow of money between funding pots. Given the fall in FE enrolments that the Minister outlined, not would it be wise for the Government to cut bureaucracy and red tape instead of increasing it by creating new quangos?

Mr. Lammy: I ask the hon. Gentleman to follow closely the passage of the Bill before Parliament that brings into being, with precisely that aim, the Skills Funding Agency. One of the first things that I was able to do as skills Minister was to ensure that we made more moves to deal with any bureaucracy attached to Train to Gain. We are making progress and we will continue to do so.

Mr. John Hayes (South Holland and The Deepings) (Con): We heard from the shadow Secretary of State, my hon. Friend the Member for Havant (Mr. Willetts), that potential apprentices are being turned away and from my hon. Friend the Member for Bexleyheath and Crayford (Mr. Evennett) that the capital funding crisis could have been avoided. While the ship is on the rocks, the Government, as my hon. Friend the Member for Billericay (Mr. Baron) said, intend to reorganise the crew. The changes to the Learning and Skills Council will cost £42 million in vacating properties and a further £190 million in transferring pensions. In confirming those figures, will the Minister recognise that it is time that his lot jumped overboard and gave way to a new team who can steer us to calmer waters?

Mr. Lammy: I always look forward to facing the hon. Gentleman across the Dispatch Box. As always, we do not recognise his figures. We have just had a lengthy Budget debate in which we set out the efficiency savings that we intend to make, and I am surprised that he was not paying attention.

Building Colleges for the Future Programme

9. **Mr. Desmond Swayne** (New Forest, West) (Con): What recent progress has been made in implementing the Government's Building Colleges for the Future programme; and if he will make a statement. [271885]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): In 2008-09, the Learning and Skills Council FE capital budget of £547 million helped to support the development of 253 projects. The LSC has supported more than 700 projects at nearly 330 colleges, with only 42 colleges not benefiting from any capital support. More than half the college estate has been modernised, and we remain committed to the FE capital investment programme. The 2009 Budget announced that an additional £300 million of capital funding will be made available in the current spending review period. Also, for planning purposes, we are working on the basis of a provisional programme budget of £300 million a year in the next spending review, with the final level of investment to be confirmed during that review.

Mr. Swayne: The £300 million is about one twentieth of the amount required to meet the expectations of those colleges that have—*[Interruption.]* I tell the Secretary of State that I would not, but the key question for him is: who was asleep at the wheel when this debacle unfolded? How much of that £300 million will filter down to Brockenhurst college?

Mr. Simon: As I said to the hon. Member for Bristol, West (Stephen Williams), nobody is pretending that with the new money that we have got in the Budget, we will solve the problem in its entirety. We will give some colleges—the most urgent and high-priority cases—immediate go-ahead to start building this summer, and in the near future we will give the rest of the colleges in the pipeline a great deal more clarity and certainty about who can start building what, when.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Minister spoke of meetings that he has had with representatives from a number of colleges to discuss the impact of the funding crisis on them. Cornwall college and I are very disappointed that our meeting, scheduled for Monday, has been pushed back to June. Given that the project in question will have an important impact on the wider regeneration of the area, and given that we are expecting a decision by the time of the spending review in the summer, will the Minister do all that he can to bring that meeting forward, so that the college can make representations before any decision is taken?

Mr. Simon: I sympathise with the hon. Lady. I have had more than 40 meetings with hon. Members and dozens of principals, and there are dozens more such meetings in the diary, because the issue is so important, and because I recognise how difficult the situation is for college principals and how that can put hon. Members in a difficult position. I genuinely want to help people talk through the issues, and give what reassurance we can. Inevitably when trying to hold that number of meetings in a relatively short time, as the queue stacks up, people get jumped about.

I can tell the hon. Member for Lancaster and Wyre (Mr. Wallace), in response to his comments earlier in the week, that his meeting was not cancelled—it was rescheduled. He was given another date a week in advance. While he was making statements that were factually quite wrong, I was meeting a delegation from the Iraqi Prime Minister's education advisers. As the hon. Lady asks so nicely, I will certainly do my best to see whether we can reprioritise her meeting, because she is looking after her constituents, rather than playing cheap party politics with people's colleges.

Topical Questions

T1. [271901] **Sir Nicholas Winterton** (Macclesfield) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Even in difficult times, a degree is one of the best routes to achieving a good job and a rewarding career, but recognising the current global economic climate, the Government are taking action to help ensure that graduates are able to sustain and improve their employability. Yesterday I announced

the creation of the graduate talent pool, a new service matching employers with graduates, which is to be launched in the summer. Businesses such as Microsoft, Marks & Spencer and Network Rail have already signed up. We believe that the pool will support about 5,000 internships, building on the 2,000 already achieved through the Higher Education Funding Council's economic challenge innovation fund. Graduates who have already been claiming jobseeker's allowance for six months or more will be able to do an internship for up to 13 weeks while claiming benefit and looking for work. We anticipate that universities are likely to offer about 14,000 additional postgraduate places, supported by 30,000 professional and career development loans in the coming year.

Sir Nicholas Winterton: Does the Secretary of State agree that the considerable success, by any measure, of the higher education sector in recent times has been in no small part due to its academic autonomy, and that any state interference in that area could seriously damage the very high standards of our higher education, which is the envy of the world?

Mr. Denham: I am happy to repeat a statement that I have made before at this Dispatch Box: one of the reasons why our universities are so good is that I do not run them, and I do not aspire to run them. I agree with the hon. Gentleman that the autonomy of university leadership is important. What the Government need to do is set the framework within which universities operate. Most important, from our point of view, has been the massive increase in real funding of the higher education sector, both for teaching and research, over the past 10 years. I am afraid that that is in sharp contrast to the period when his party was last in power, when funding per student fell by 30 per cent. in a very short period. *[Interruption.]*

T2. [271902] **Mr. Russell Brown** (Dumfries and Galloway) (Lab): In view of the raised voices, I am not sure that I want to take part in questions. None the less, the Government have made major progress in delivering apprenticeships and building them up to their rightful place as a mainstream option for young people. Of course, that work needs to be backed up by the right for suitably qualified young people to access apprenticeships. Regrettably, we in Scotland experienced funding difficulties, but will the Secretary of State join me in congratulating those MSPs who secured extra funding for almost 8,000 places, giving Scottish youngsters the same right to a place, after the funding had initially been cut back by the Scottish National party Administration?

Mr. Denham: I very much agree. We have had quite a lot of occasion over the past year or so to draw a sharp contrast between the Government at Westminster, and our determination to invest in apprenticeships, to build up opportunities and, indeed, to legislate for a right to an apprenticeship for a suitably qualified young person, and the situation in Scotland. I congratulate John Park MSP, in particular, and his Labour colleagues in Scotland on forcing the nationalists to concede that extra money had to be invested in apprenticeships for the sake of giving Scottish young people the same opportunities as English young people. I congratulate everybody who was involved in that campaign.

T3. [271903] **Mr. Paul Burstow** (Sutton and Cheam) (LD): Given the need to invest in upskilling and reskilling so that we are ready for the economic upturn, will the Secretary of State end the funding uncertainties at my local college, Carshalton college of further education, and other FE colleges throughout the country? Recently, the Learning and Skills Council exhorted colleges to invest in programmes to deliver more workplace-based training, but having initially said that there would be demand-led funding, the LSC now says that funding is to be capped and cut back. In those circumstances, will the Secretary of State consider more flexibility for college principals in how they use the budgets and resources that are available to them? Will he stop the LSC increasing course fees? Will he find time in his busy diary to meet me and Carshalton college principal, David Watkins, to discuss those matters?

Mr. Denham: There were a number of questions within that question, but perhaps I can deal with the central one. We have been developing, and are proud to have developed, a demand-led training system, but the hon. Gentleman will entirely understand that no Government budget is entirely unlimited. It is quite reasonable for the LSC to take action to ensure that, on the growth of adult apprenticeships in particular, the budgets that we have set, and the budgets that are available, are the budgets that are spent. The LSC was right to take action as early as possible to indicate to training providers the budget that will be available over the coming 12 months.

In so far as meeting the hon. Gentleman and the college is concerned, I am always happy to do so, wherever possible. As my hon. Friend the Under-Secretary has quite a lot of college meetings in the diary, perhaps I will be able to meet the hon. Gentleman.

T4. [271904] **Rob Marris** (Wolverhampton, South-West) (Lab): The National Union of Students' report, "Meet the Parents: The Experience of Students with Children in Further and Higher Education", is being launched in the Terrace Pavilion at lunchtime. The report shows that students with children need more flexibility and support from institutions and support providers to access education and improve their prospects, but that no one knows how many higher education students have children. Will the Minister assure me that such statistics will be collected and collated nationally so that we have those figures?

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): I am grateful to my hon. Friend for drawing attention to that important work by the National Union of Students, and I look forward to attending the reception in a few hours' time. Although I know that there are complications with the questions that we ask of students at the application stage, the matter is important. We want a system that is flexible and supports part-time studies, in particular, and the Department is looking closely at those issues in relation to the higher education framework that we will publish in the summer.

T5. [271905] **Mr. Andrew Mackay** (Bracknell) (Con): As this deep recession is particularly difficult for young people wondering about their future, I am sure that the

Secretary of State must be concerned that the number of young people who will not get a place at university this year is higher than normal, particularly as this was supposed to be the year when 50 per cent. of all young people would go on to higher education. Does he have a proper answer to that?

Mr. Denham: More people will start undergraduate full-time education this September than ever before. The number of new university places that are available has increased by 40,000 in just two years. That reflects this Government's commitment to expanding higher education. We want to make the largest possible number of opportunities available to young people, whatever their aspirations. We have expanded higher education, we are funding more places this September, we are investing hugely in ensuring that young people who are long-term unemployed are guaranteed training or a job, and we are investing extra money in apprenticeships. I do not wish to be partisan about this—

Hon. Members: Go on!

Mr. Speaker: Order. I have other Back Benchers to call.

T6. [271906] **Liz Blackman** (Erewash) (Lab): Niche engineering and light manufacturing play a significant part in the local economy of Erewash, and will offer future employment for young people with the appropriate skills. In the past four years, the number of apprenticeships completed has risen from 190 to 310, and that trend will continue with the investment that has been announced. However, the hon. Member for Westmorland and Lonsdale (Tim Farron) made a reasonable point about the importance of highlighting how employers and employers' representatives can access the funding and support for these apprenticeships following that announcement.

Mr. Denham: My hon. Friend raises an important point. The reason the Department has been running, with the Department for Children, Schools and Families, the advertising campaign fronted by Sir Alan Sugar is to raise awareness of the opportunities of apprenticeships with small employers up and down the country. The regional forums that we have had with Sir Alan have been very effective at raising awareness and interest. I draw my hon. Friend's attention to the recent announcement of the possibility of new funding for group trading associations, which, as we have found around the country, are often the best way of reaching the small employer who might assume that it is too difficult or time-consuming to have an apprenticeship. A group trading association can reassure people and make apprentices available to a wider range of employers.

T7. [271907] **Mr. Simon Burns** (West Chelmsford) (Con): Is the Minister aware that Chelmsford college wishes to rebuild on a new site to get away from the problem of antiquated and not-fit-for-purpose buildings, but as a result of constant changes and uncertainty it has recently incurred expenses in excess of £500,000 to cope with that? Does he agree with its principal, David Law, that it would be sensible to have a 10-year rolling programme for colleges so that they know where they stand and have the certainty of knowing when their time in the procedures will come, thereby taking away all the uncertainty, problems and excess expenditure?

Mr. Denham: The hon. Gentleman raises an important point. He will have heard me say that we now have, at least to a modest level, an ability to plan into the next spending review in a way that has not previously been possible. That does not give us a 10-year programme, but it does at least give us a five-year programme, which we have never had previously. That will help to bring as much certainty and clarity as possible to as many colleges as possible.

Clive Efford (Eltham) (Lab): The Government have brought forward substantial sums of money in order to stimulate growth in the economy. If my right hon. Friend has not already done so, can I urge him to contact the construction industry and other Departments that are involved in such projects to ensure that we maximise the opportunities for training for young people and others who want to learn new skills so that they can benefit in future from that stimulation of the economy?

Mr. Denham: In our discussions with the construction industry training board, it has urged us to do what we have now done, which is to produce Office of Government Commerce guidance about how public sector construction contracts can include a requirement to train young people as apprentices in construction. It is already the case that in the substantial capital programme in my Department, we are expecting apprentices to be provided as part of contracts. The Building Schools for the Future programme has now introduced a similar requirement. My hon. Friend is absolutely right that we should maximise the impact of public procurement by ensuring that construction contracts include the requirement to provide apprenticeships whenever possible.

T10. [271910] **Simon Hughes** (North Southwark and Bermondsey) (LD): A London School of Economics report out this year shows that for older men, the chance of finding work after being laid off declines by a quarter for each year that they are out of the labour market. Can Ministers tell us what plans they have for targeted support for older men and women workers to deal with unemployment among that category in the recession?

Mr. Denham: That is a very important point. In addition to the investment that we announced in the Budget, which is focused on guaranteeing young people work or training, my Department has already secured funding for more than 100,000 additional training courses for those just losing their jobs or who have been out of work for six months, to ensure that people can gain new skills. In the last recession, the people about whom the hon. Gentleman talks were written off. Nothing was done about them, and they were shovelled on to incapacity benefit and forgotten about. We are determined to ensure that that does not happen this time.

Philip Davies (Shipley) (Con): May I ask the Secretary of State, with regards to the further education capital programme, to look at Shipley college, which has been finalising its in principle application? The uniqueness and urgency of that case relates to the fact that the college leases the buildings in which it operates, and the leases are due for renewal. It therefore needs to know where it stands with regard to the capital programme. I know that the Under-Secretary has been very generous

in this regard. Will he consider meeting me and the college principal of Shipley college, so that he understands the urgency of the situation there?

Mr. Denham: As my hon. Friend the Under-Secretary made clear, he has already made substantial provision in his diary to meet colleges, so I am sure that he can add another one to the list. It is important to do so. We are working as hard as we can, with the additional investment that we have from the Budget, to bring as much certainty and clarity to colleges as we possibly can. That is what the LSC has been charged with doing, and it will be the LSC rather than Ministers that ultimately decides the priority programme.

I make the point that 10 years ago there was no FE capital budget. The hon. Member for Havant (Mr. Willetts) told the Association of Colleges that it could not rely on the Conservatives even to commit to the current level of spending on capital. Although the current situation is very difficult, let us not forget that more than 330 colleges have already benefited from capital investment under this Government, and the programme already included 253 active projects. Just yesterday I was able to go to Northampton college with my hon. Friend the Member for Northampton, North (Ms Keeble) and cut the first sod on the £80 million project that is taking place there. A great deal of very valuable investment is taking place in the FE estate thanks to this Government.

T9. [271909] **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): Is my right hon. Friend aware that in Yorkshire and the Humber, we are currently trying to establish the world's biggest carbon capture and storage project, which will hopefully be up and running in Yorkshire by 2013-14? On that note, may I tell him that all the Yorkshire universities are currently working together to provide as much research and assistance as possible to that well-designed project? Will he join me in congratulating all the Yorkshire universities on working together on this magnificent project?

Mr. Denham: I am not only happy to do so, but I add that I am sure that my hon. Friend will welcome the renewed commitment to carbon capture and storage announced by my right hon. Friend the Secretary of State for Energy and Climate Change just after the Budget. From my point of view, we will be very keen to work with his Department to ensure that, with the universities, we develop the research, technology and skills that are necessary to make Britain a world leader in that technology.

Business of the House

11.34 am

Alan Duncan (Rutland and Melton) (Con): May I invite the Leader of the House to give us the forthcoming parliamentary business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 4 MAY—The House will not be sitting.

TUESDAY 5 MAY—Remaining stages of the Apprenticeships, Skills, Children and Learning Bill.

WEDNESDAY 6 MAY—Second Reading of the Finance Bill.

THURSDAY 7 MAY—A general debate on the Intelligence and Security Committee annual report 2007-08.

FRIDAY 8 MAY—Private Members' Bills.

The provisional business for the week commencing 11 May will include:

MONDAY 11 MAY—Second Reading of the Equality Bill.

TUESDAY 12 MAY—Consideration in Committee of the Finance Bill.

WEDNESDAY 13 MAY—Conclusion of consideration in Committee of the Finance Bill.

THURSDAY 14 MAY—Topical debate: subject to be announced, followed by general debate: subject to be announced.

FRIDAY 15 MAY—Private Members' Bills.

I should also like to inform the House that the business in Westminster Hall for 7 and 14 May will be:

THURSDAY 7 MAY—A debate on meeting the Government's commitments to children affected by HIV/Aids in developing countries.

THURSDAY 14 MAY—A debate on the report from the Health Committee entitled "NHS Next Stage Review".

Alan Duncan: I thank the Leader of the House for giving us the forthcoming business. I congratulate the Deputy Leader of the House on running the marathon on Sunday and, more to the point, completing it. He has asked for my cheque, but I think that the whole House will approve of his raising money for the Army Benevolent Fund.

In my first exchange in January with the right hon. and learned Lady in my role as shadow Leader of the House, I raised the Government's apparent reluctance to debate the UK's preparedness for a flu pandemic. As I said at the time, Conservative Members had been calling for such a debate for well over two years. Although we appreciate the Health Secretary's willingness to update the House—he has done that twice this week—may we none the less have a full debate, perhaps on 14 May, as Members of Parliament should have an opportunity to discuss the matter more widely than the strict limitations of a statement permit?

Two reports have today been published on the problems in Mid Staffordshire NHS Foundation Trust. None the less, may we have a ministerial statement on those reports, because, in our view, they do not reduce in any way the need for an independent public inquiry?

I thank the right hon. and learned Lady for her willingness to listen to the House last week when we asked about the investigation into privilege in the wake of the arrest of my hon. Friend the Member for Ashford (Damian Green). What is the status of the two potential committees of inquiry that have been suggested, and when might she be able to give a statement to the House on the proposed way forward?

Yesterday, the House soundly defeated the Government's policy on the Gurkhas. However, there is another group of people whom the Government treat with deep contempt: the policyholders of Equitable Life. Will the right hon. and learned Lady confirm what I have heard—that, a full three months after the Chief Secretary to the Treasury established an independent review into supposed ex gratia payments for those who have lost out from Equitable Life's collapse, the man leading the investigation, Sir John Chadwick, has not yet been in contact with Equitable Life or any representatives of those affected? Does not that further underline the speciousness of the review and the Government's intention to bury the issue? When will the Leader of the House ensure that Ministers come to the House to give us a statement about their plans to compensate—I use that word deliberately; I mean "compensate"—policyholders, as the ombudsman demanded?

Will the right hon. and learned Lady also give us a statement on the status of the Government's misguided policy on ID cards? On Tuesday, it was reported that a—inevitably unnamed—group of senior Cabinet Ministers were lobbying the Prime Minister to drop the scheme altogether. Later, the former Home Secretary who gave birth to the idea said that he favoured using biometric passports instead. After telling us for the past year—and even before that—that ID cards are essential for national security, the Government are clearly somewhat split on the issue. After this week's U-turns on Titan prisons and national databases, perhaps the Prime Minister will return to YouTube and give us a U-turn on ID cards, too.

May we also have a debate on our relations with Poland, in which we could take the opportunity to congratulate the Polish Prime Minister on his forthright honesty and sage advice to our Prime Minister on the rigours of fiscal probity and economic management?

May I congratulate the right hon. and learned Lady on the publication of her leadership manifesto in the guise of the Equality Bill? I know that she is very proud of it, but can she perhaps explain to the House why she will not be entrusted with steering it through on Second Reading? Will she confirm that, in tune with the stardom that she seeks, when the Bill was launched at a press conference earlier this week, she was asked to sign copies of it, as though it were a celebrity photograph? In the spirit of our regular exchanges across the Floor of the House, rather than going on to eBay, may I please have one too?

Ms Harman: The hon. Gentleman talked about swine flu, and I acknowledge that he has been asking for a debate about preparedness for flu since December last year. His suggestion that we select flu preparedness as the subject of either the topical debate or the general debate on 14 May is sensible. As he acknowledged, the Secretary of State for Health will come to the House as often as necessary, in order to be accountable to the

[Ms Harman]

House for the plans that have been made. However, as I am sure hon. Members will be aware, that is an issue not just for the Department of Health, but for the Department for Children, Schools and Families, the Department for Business, Enterprise and Regulatory Reform and a range of other Departments. Local government is also involved and Cobra is meeting daily, joining work from across Departments and the agencies.

The hon. Gentleman asked about a ministerial statement on Stafford hospital. The Secretary of State for Health will make a statement. He wants to make an oral statement, because he knows that the House will want to hear from him personally and ask him questions. We have had to prioritise the swine flu statements, as we do not want to make too many statements on any one day. I hope that the shadow Secretary of State for Health will recognise that the Secretary of State wants to come to the House as early as possible to make that statement, so that he and other hon. Members can ask questions.

On the questions of privilege and the Speaker's Committee and the request for a reference to the Standards and Privileges Committee, I need to be clear about the exact position of the official Opposition and the Liberal Democrats and about their preparedness to nominate their Members to sit on the Speaker's Committee, which the House resolved to establish earlier this year. I shall have to check the state of play and perhaps discuss the terms of reference for a reference to the Standards and Privileges Committee.

I do not think that what the hon. Gentleman said about the inquiry into Equitable Life not yet having made any investigations is correct. However, I cannot give him a categorical answer on that, so I will discuss it with the Chief Secretary to the Treasury and work out how best to communicate with him and all other hon. Members, whom I know are concerned about Equitable Life, in case what he has told the House is wrong and they need reassurance about that.

As for the policy on ID cards, it is important for foreign nationals to be able to have biometric ID cards. Removing any uncertainty about identity can allow visa sections all around the world to operate much more quickly. When the House was in recess, I spent two days visiting Ghana, where many of my constituents come from, and was taken through the process of taking biometric data. The people there say that they can now issue visas within two days to people who want to visit Britain, because they do not have to worry about what their identity is or make massively expensive checks—the biometric data are captured. That relates to biometric cards for foreign nationals. Hon. Members should also recognise that airport security is very important indeed; biometric identity cards are important for that, too. They are important and we should be pressing on with them.

I was pleased to hear that some Opposition Members welcome the Equality Bill. Although not all of them have been convinced, we will not give up hope and we hope to persuade them finally to enter the 21st century. The Bill was a manifesto commitment for the Government in 2001. I will introduce the Bill's Second Reading debate on Monday 11 May, but the lead Minister will be the truly excellent and flawless Solicitor-General. I look forward to her dealing with all those who seek to take a different view of the Bill.

Mr. David Heath (Somerton and Frome) (LD): I am disappointed that there will be no Liberal Democrat Supply days in the next two weeks, as they seem to be going rather well at the moment. Following the historic win after yesterday's debate, I should like genuinely to thank the Minister for Borders and Immigration for responding to my request and coming back to the House to make a statement yesterday evening. That was the right thing to do. May I ask the Leader of the House a specific question relating to that? The Minister made it clear that he would "publish"—his word—revised proposals for Gurkha settlement before the recess, but I do not think that publishing will be sufficient. The proposals need to be presented to the House, and Members must have an opportunity to express an opinion on the Government's solution. I hope that we will have either a statement or a debate on that issue.

Today, the Metropolitan Police Authority is discussing the demonstrations associated with G20 and the police response to them. It is extraordinary that the House has had no opportunity to discuss those matters yet, either by means of a statement from the Home Secretary or of a debate. May we have an opportunity for such a discussion?

One of the changes in the machinery of government that the Prime Minister introduced when he became Prime Minister was to split the Education Department into two. The two Departments are now competing to see which can be the more incompetent. We have had the issues relating to college buildings, to sixth-form numbers and to SATs, and we have had the unseemly dispute with the former chief executive of the Qualifications and Curriculum Authority. May we have a debate on how we are running education in this country, and on why those two Departments have become so shambolic?

Pigs have been uppermost in our thoughts over the past couple of weeks, mainly because of pig flu. I welcome the Secretary of State for Health's statement and his undertaking to keep the House updated, and the Leader of the House's offer of a debate. That is exactly the right thing to do. However, there seems to be another contagion around the place, and I would call it pig's ear syndrome. The Prime Minister seems to turn everything he touches into a pig's ear at the moment. Whether it is the economy, the issue of the Gurkhas, Members' allowances or even appearing on YouTube, he has not dealt with any of these issues with great competence. Perhaps what we need is a therapeutic debate—a cathartic debate—on the conduct and performance of the Prime Minister, so that Labour Members can have the opportunity to say in the Chamber what they are saying in the corridors and the Tea Room, and it is not desperately complimentary about the Prime Minister.

Ms Harman: I thank the hon. Gentleman for his comments about our response to the result of the Opposition day debate. The Minister made it clear in his statement that we respect and accept the will of the House, and that further action will be taken, as announced yesterday. The House will be kept informed.

The hon. Gentleman will be aware that a number of official inquiries are under way into the policing of the G20 demonstrations. Hon. Members will no doubt tell me if I am wrong, but I think that the Home Affairs Select Committee has begun an inquiry.

Ministers from the Department for Children, Schools and Families answered questions on Monday, and we had Department for Innovation, Universities and Skills questions earlier today. Therefore, any questions about increasing the number of students staying on at school and taking A-levels, about the increasing number going into further and higher education, or about the guarantee of committing to education up to the age of 18 could have been put to Ministers this week. Furthermore, the Prime Minister answers questions every Wednesday.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We have a statement on Sri Lanka, which the House will be anxious to hear, and the main business of the day appears to have attracted a certain amount of interest. I must keep a tight control over business questions today, so I appeal to hon. Members to co-operate by being extremely brief. I do not think it will be possible to call every Member who is seeking to catch my eye. I hope that the hon. Member for Brent, North (Barry Gardiner) will get us off to a good start.

Barry Gardiner (Brent, North) (Lab): Many hon. Members have experienced problems with unjustifiable service charges. I have a constituent who has experienced a service charge of £285 per week on a studio flat. Do not the Government need seriously to address the issue of service charges on such properties?

Ms Harman: I agree that there can be big problems with service charges, particularly for those in former council flats that have been bought. I suggest that my hon. Friend raise the matter with the relevant Minister, who is in the Lords.

Mr. Nicholas Soames (Mid-Sussex) (Con): Following the Prime Minister's statement yesterday on future strategy in Afghanistan and Pakistan, will the Leader of the House try to secure a debate on some of the details that were not made plain, particularly the serious problems of the chain of command and its structure, which are causing real problems in Afghanistan? Without a resolution to that problem, there will be no success.

Ms Harman: We have had a debate on Afghanistan and Pakistan since Christmas, but perhaps we should split our debates on 14 May between swine flu and Afghanistan and Pakistan. I do not want to give a running commentary on my thoughts, but that might be a sensible suggestion.

Mary Creagh (Wakefield) (Lab): Three weeks ago, the High Court decided that four Rwandans accused of involvement in genocide could not be extradited to Rwanda to face justice. There is a gap in UK law between the War Crimes Act 1991 and the International Criminal Court Act 2001, so may we have an urgent debate, either in Government time or in Westminster Hall, to discuss plans to close the gap in the law and ensure that those who are accused of mass murder do not reside with impunity in our country?

Ms Harman: I will ask the Justice Secretary and Home Secretary to discuss my hon. Friend's point, and write to her to let her know their views.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Leader of the House accept that a Member who is not called to speak on the Second Reading of a Bill or put on the Public Bill Committee can contribute to such an important debate only in the remaining stages or on Report? Will she assure the House that programming will be abolished for the Report stage of Bills?

Ms Harman: No, I will not. Without programming, all the debate can be on the first part of the Bill, and subsequent issues do not get debated. Programming helps to ensure that all the different elements of a Bill are scrutinised on Report. That is why programme motions were so liberally used by the Conservative party when it was in government.

Mr. David Clelland (Tyne Bridge) (Lab): My right hon. and learned Friend will be aware, as we have discussed the matter previously, of the important role of carers in our society. She is also aware of the great stress put on carers by looking after someone who is infirm, elderly or disabled—it is often so stressful that the carer's own health suffers. Such caring is as stressful as looking after a child, yet child allowance is paid to parents regardless of their income as a matter of right. Carer's allowance is paid only to certain categories of carers, can be cut off if earnings rise a few pence above £95, and is not paid to retired carers. May we have an early debate on carer's allowance to come up with a fairer system for carers?

Ms Harman: I will look for an opportunity to debate carers, which is an issue of growing concern. My hon. Friend might be able to choose the issue for a Westminster Hall debate. He will be interested to know that the Equality Bill includes provision to prevent people from being discriminated against because they are carers: for example, someone who applies for a promotion at work and is told, "Sorry, we know you are caring for your elderly mother, so you can't have promotion because we don't think you are committed to work." We must do everything possible to support carers and to enable them to work as well as care, if that is what they want to do. The number of over-85s in this country is set to double over the next two decades, so family care is a central issue.

Christopher Fraser (South-West Norfolk) (Con): Will the Leader of the House find time for a debate on nitrate-vulnerable zones. Is she aware that the Environment Agency believes that 6 per cent. of all farmland has been wrongly designated, but that farmers are still expected to invest tens of thousands of pounds on additional slurry storage that may prove unnecessary?

Ms Harman: I do not know whether the hon. Gentleman has sought the opportunity to ask about that point in Environment, Food and Rural Affairs questions. I suggest that he consider that, or seek a Westminster Hall debate.

Mike Wood (Batley and Spen) (Lab): It is four years since the high hedges legislation was put on the statute book. May we have a ministerial statement on departmental monitoring of the legislation, and what advice is being given to local authorities to make it more effective?

Ms Harman: I will bring that matter to Ministers' attention, and they will consider the best way to be accountable to my hon. Friend and other hon. Members on the issue.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Last night, the immigration Minister was not able to say in detail how the Government intend to respond to the declared will of the House on the Gurkhas. Will the right hon. and learned Lady therefore arrange for the Prime Minister, who was clearly the principal architect of the Government's ungenerous proposals, to make a statement in the next two weeks? Will she also be good enough to sit next to him, so that she can prevent him sneaking out before he is called?

Ms Harman: I remind the right hon. and learned Gentleman, who was a Member of the House when the Conservatives were in government, that neither he nor they proposed any rights of settlement for Gurkhas. When we came into government, we arranged for all those from 1997 to have rights of settlement. We will respect the points raised in the debate on the Liberal Democrat motion and take them forward.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I have raised previously the use of hazardous chemicals in nail bars in this country. However, research has identified a new hazard—the use of ultraviolet lamps—associated with skin cancer. Will the Leader of the House suggest how the Secretary of State for Health might revisit the non-interventionist approach to the beauty industry and its potential health hazards, and be more active in protecting women's health?

Ms Harman: My hon. Friend makes an important point. Whether it is mostly women—and some men—who get melanoma skin cancer from sun beds, hazardous chemicals having a terrible effect on women's fingernails, breast enlargement surgery or facelifts—*[Interruption.]* I will get back to her on those matters. Ministers for Women will work with Health Ministers on a set of proposals.

Mr. Alan Reid (Argyll and Bute) (LD): This week's *Helensburgh Advertiser* starts off by saying that

"shocked staff at Faslane naval base have hit out, claiming they were kept in the dark over radioactive leaks."

The Ministry of Defence must be completely open when such incidents happen. Attempts at excessive secrecy cause great concern locally and play into the hands of those who would like to see the base closed for ideological reasons. May we have an urgent statement from the Ministry of Defence about the recent radioactive leaks?

Ms Harman: I will pass on the hon. Gentleman's comments to the Ministers concerned.

Mr. David Kidney (Stafford) (Lab): The Health Secretary has published two important reports today about Stafford hospital. Given that one says that there are further urgent actions to be taken at the hospital, and the other has wider implications for the NHS about public and patient involvement and the responsibilities of primary care trusts and strategic health authorities, may I stress the urgency of the need for an oral statement, and will the Leader of the House say whether we will get it on Tuesday, Wednesday or Thursday next week?

Ms Harman: My hon. Friend has pressed on the issues of concern for patient care and safety and good treatment for his constituents. There will be an oral statement, although I cannot give the specific day at this point. When the Secretary of State is nearer to being clear on the matter, I will ask him to write to constituency Members at least to ensure that they know that the statement is happening.

Bill Wiggin (Leominster) (Con): On 25 March, the right hon. and learned Lady was incredibly kind in arranging a meeting between my constituents and the Secretary of State for Business, Enterprise and Regulatory Reform. Today, I have received a letter in which he says that his officials have met my constituents, and in view of that he does not feel that a meeting is necessary. Will she explain why the noble Lord Mandelson of Foy in the county of Herefordshire is so unwilling to meet people from that constituency in the county of Herefordshire?

Ms Harman: Perhaps the hon. Gentleman could put that point to the Ministers concerned during Department for Business, Enterprise and Regulatory Reform questions next Thursday.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Can the Leader of the House assist those Members who wish to come to work by public transport? The pavements and roads around Parliament square have been dug up, fenced off and left abandoned, resulting in significant traffic congestion and danger to pedestrians. Will she therefore make representations to the appropriate authorities to find out how long this will last?

Hon. Members: "Hear, hear."

Ms Harman: I shall make sure that the diverse authorities responsible for all these issues are aware of the concerns that my hon. Friend has expressed, which have been supported by other hon. Members.

Mr. Andrew Mackay (Bracknell) (Con): Why is there nothing about grace and favour homes for Ministers in the motions that the Government have laid before us for debate later today, given that that matter was included—very welcome it was too—in the Prime Minister's original proposals?

Ms Harman: If the right hon. Gentleman waits until the next business, he will discover that I am going to address that in my speech.

David Taylor (North-West Leicestershire) (Lab/Co-op): Can we have a debate about early-day motion 1297, which I have co-sponsored?

[That this House, observing that the intention of the founding Act of the Bank of England in 1694 was 'that their Majesties' subjects may not be oppressed by the said corporation', notes that those subjects have been seriously oppressed by the Bank's failure to control the greed, risk-taking and speculation of the banking system over which it presides; and therefore suggests that this oppression should be dealt with as the Act provides by fines three times the value of the abusive trading.]

The hon. Member for Louth and Horncastle (Sir Peter Tapsell) is not in his place, but he will see that the early-day motion deals with a failure to control the

greed, risk-taking and speculation of the banking system. When community banking is turned into casino banking, when training is in sales and not in banking, and when over-centralised decision taking has relegated local staff to box-ticking with no room at all for initiative, we need to review the ethics of our banking system.

Ms Harman: I will ensure that the early-day motion is drawn to the attention of Treasury Ministers, the Financial Services Authority and Ministers in the Department for Business, Enterprise and Regulatory Reform.

Mr. Edward Timpson (Crewe and Nantwich) (Con): Can we have a debate on the National Offender Management Service and, in particular, the ongoing contract with ClearSprings to provide bail hostels in the community? I recently received conflicting replies from ClearSprings and the Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), who is responsible for prisons. When I asked whether there were any future plans for bail hostels from ClearSprings in Crewe, ClearSprings's reply was that it had no such plans, whereas the reply that I received from the Minister stated that

"one new property will be sourced."—[*Official Report*, 19 January 2009; Vol. 486, c. 1120W.]

There is apparent confusion in the Government's policy, so can we have a debate to clear it up?

Ms Harman: I shall bring the points that the hon. Gentleman has raised to the attention of Ministers in the relevant Department. He might wish to ask a written question if he is not satisfied with the answer that he has received in the letter. May I congratulate him on running the marathon, although he did not run as fast as my deputy?

Clive Efford (Eltham) (Lab): I welcome the Government's concessions to the Gurkhas yesterday, but when they are published can we have a debate in the House? I sincerely hope that they will put the mistakes of last Friday behind us, because we will then be able to focus on the sheer naked opportunism of the Leader of the Opposition, whose party did nothing for the Gurkhas during 18 years of government.

Ms Harman: My hon. Friend is absolutely right. We will respond to the views of the House, and the House will be kept informed.

Mr. Gregory Campbell (East Londonderry) (DUP): It appears that the resource required in Northern Ireland to fund adequately the transfer of policing and justice powers in Northern Ireland is increasingly significant. When might we have a debate in the House to discuss and consider the long-term implications of such a possible move?

Ms Harman: I will discuss that issue with the Secretary of State for Northern Ireland and, if I may, get back to the hon. Gentleman on that point.

John Bercow (Buckingham) (Con): May we have a debate in Government time on the Floor of the House on the important report of the Rose review on the primary school curriculum, which my hon. Friend the Member for Rutland and Melton (Alan Duncan), amidst the enjoyable badinage in which he invariably specialises, declined or omitted to mention?

Ms Harman: I understand that this consultation has been launched today, and no doubt the House will have an opportunity at questions and on further occasions to discuss the primary school curriculum.

Lorely Burt (Solihull) (LD): May we have a debate on the iniquitous tax, IR35, which for the past 10 years has caused chaos and confusion for freelancers in this country? The tax is ambiguous and confusing, and it does not bring any money into the Treasury, so can we please debate it?

Ms Harman: I will bring the points that the hon. Lady has made to the attention of Ministers in the Treasury, and she might find an opportunity to raise the matter in debates on the Finance Bill.

Mark Pritchard (The Wrekin) (Con): May we have an urgent debate on women's rights? The Leader of the House will know that, like her, I have been a champion of women's rights over many years. I am not talking about the half-baked plans in the Equality Bill; I wish us to discuss, in particular, the extension of sharia council powers, which, in some circumstances, discriminate against some women in some ethnic minority communities.

Ms Harman: The Secretary of State for Justice has said that when private arrangements based on sharia law are raised with the courts by way of an argument for a contract or a particular disposition in a family case to stand and those are contradicted by our laws on equality, they will not be taken into account.

May I correct what I said about Sir Jim Rose's review? It is actually a review, which the Government have accepted, that will raise standards by prioritising literacy and numeracy and embedding them across the whole curriculum to ensure that all children leave school secure in the basics. It is not a consultation exercise—that has already taken place.

Mr. William Cash (Stone) (Con): The Leader of the House may know that the two reports that have just come out on Stafford hospital will not deal with the underlying lack of confidence in that hospital, welcome though they are in shedding some light on the situation. Does she accept that in order to get to the bottom of what has been going on, we need to have evidence on oath and the production of papers? Some evidence is emerging, which I am looking into, that some people in the hospital, who would be whistleblowers, are effectively being shut up by the authorities concerned—this is a very serious situation.

Ms Harman: The hon. Gentleman makes a set of very serious allegations, and I think that the Health Secretary will want to address them when he gives his oral statement. I suggest that the hon. Gentleman should seek to catch Mr. Speaker's eye at that point.

Mike Penning (Hemel Hempstead) (Con): May I say to the Leader of the House that she cannot keep running away from a debate on Equitable Life? Her deputy is a long runner, but this is a marathon that the Government are not going to win. We need a debate on this, because thousands of people have lost out. They need the compensation that they deserve and that they have rightly been told they will get. May we have a debate on

[Mike Penning]

Equitable Life soon, before more of these people, sadly, die off and do not get the compensation that they deserve?

Ms Harman: Work is under way on the investigation by the judge that was announced by my right hon. Friend the Chief Secretary to the Treasury.

Mr. Paul Burstow (Sutton and Cheam) (LD): May I draw the attention of the Leader of the House to early-day motion 1296, which concerns the case of Margaret Haywood, who was disgracefully struck off by the Nursing and Midwifery Council for blowing the whistle on the neglect of older people in the hospital at which she worked?

[That this House supports nurse Margaret Haywood who raised issues of concern around poor patient care; believes that Margaret was justified in exposing the worrying conditions at her local hospital and that the Nursing and Midwifery Council (NMC) was wrong to strike her off the nursing register; notes the e-petition in support of Margaret Haywood organised by the Royal College of Nursing; calls on the NMC to reverse its decision; and further calls on the Government to take steps to ensure that the procedures and protection afforded to whistleblowers are understood and applied by all in positions of responsibility in the NHS.]

Is it not right that this House should have the opportunity to express its view about that case and the urgent need for this House to legislate to provide proper protection for frail and vulnerable older people and for those who blow the whistle on those who abuse them?

Ms Harman: There will be a great deal of sympathy with the point that the hon. Gentleman has raised, and I shall draw it to the attention of the Secretary of State for Health. We must also ensure that there is consistency, so that if there are stringent penalties on nurses, such penalties operate in respect of people at all levels of the system. We should not find that there are much tougher rules for, and more stringent penalties on, nurses.

Sir George Young (North-West Hampshire) (Con): Next week, will the Modernisation Committee, which the Leader of the House chairs, be meeting? If not, can she tell us when it last met? If that was some time ago, will she consider transferring its responsibilities to the Procedure Committee, so that all Select Committees of the House are chaired by Back Benchers and not by members of the Cabinet?

Ms Harman: If the right hon. Gentleman has issues that he would like the Modernisation Committee to address, perhaps he could write to me or just tell me what issues he thinks it should turn its attention to. The Modernisation Committee has worked well in partnership with the Procedure Committee and, on many issues, the Procedure Committee has taken things forward.

Mr. Mike Weir (Angus) (SNP): May I draw the attention of the Leader of the House to early-day motion 1190?

[That this House notes that many firms have introduced short time working for employees during this time of recession; further notes that many workers who are in receipt of tax credits are facing difficulties as the reduction in hours takes them below the minimum hours required to qualify for tax credits; and calls on the Government to take action to ensure that those who are so affected are deemed to still be working for the minimum hours and that their tax credits are maintained until such time as their hours are reinstated.]

This is an increasing problem during the recession. May we have a debate in Government time on the possibility of reducing the minimum hours necessary to qualify for tax credit during the recession?

Ms Harman: The early-day motion and the hon. Gentleman's comments show a good recognition of the flexibility of tax credits in making up for shorter working hours by boosting the family income. He makes a proposal in the early-day motion, supported by other hon. Members, and I will ensure that the Treasury responds to him.

Mr. David Evennett (Bexleyheath and Crayford) (Con): Can the Leader of the House arrange for a general debate on London so that we can raise a wide variety of London issues and highlight the successes of the first year of the Boris Johnson mayoralty?

Ms Harman: I do not know where to start on the complaints and concerns of many hon. Members who represent London constituencies. The most alarming has been the abandonment of the requirement that developments must include a minimum amount of social housing. That is a big problem when we need more social housing. Perhaps I should ask the Ministers with responsibility for housing whether we should have a debate on the Mayor of London's sell-out on social housing.

Mark Hunter (Cheadle) (LD): The Christie charity, which supports the world-famous Christie cancer care centre in Manchester, stands to lose some £6.5 million as a result of the Icelandic banking collapse. As there are some 30 charities that stand to lose more than £50 million for the same reason, is it not time that we had a debate on the Government's handling of the situation?

Ms Harman: I will consider how best Ministers can update the House on this issue. The hon. Gentleman will know that constant work is being done on the issue by various Departments and the administrators of the Icelandic banks. It is hoped that most of those caught out by the collapse will get a large portion of their deposits back.

Dr. Julian Lewis (New Forest, East) (Con): According to the leaked British National party manual "Language and Concepts Discipline", the term "racial foreigners" should be used to describe black and Asian Britons, because such people "do not exist". Given the forthcoming candidacy of BNP leader Nick Griffin, may we have a statement from the appropriate Minister on the role of proportional representation in making it far more likely that fascists, racists and neo-Nazis will get into the European Parliament?

Ms Harman: Justice questions is on Tuesday, and the hon. Gentleman will be able to raise those issues with the Department with responsibility for electoral law. He makes an important point, and the message from all of us who deplore and abhor racism and division of the sort peddled by the BNP is that everybody must vote on 4 June. Anybody who does not vote is helping the BNP get into the European Parliament and it would be shameful if Britain were to be represented by racists and fascists.

Bob Spink (Castle Point) (Ind): May we have a debate on the safety implications of the operation of the Calor Gas Canvey Island site in the light of the spillage on 27 October last year of 163 tonnes of liquid propane gas, the operation of the leak detection equipment and the abject failure even now to inform Canvey residents about the leak—especially in the light of Buncefield?

Ms Harman: I will ask the Ministers responsible to write to the hon. Gentleman, who is assiduous on behalf of his constituents on such issues.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): May we have a debate on the situation of the nuclear academies, the Government's flagship method of training for the future civil nuclear programme? In the south-west, the regional development agency is holding up the funding for the nuclear academy in Bridgwater. We need an urgent debate on that because we must start building soon to provide for the future of the civil nuclear programme.

Ms Harman: I welcome the hon. Gentleman's support for the civil nuclear programme. He highlights the important role of the RDAs, and I point out to him and to other hon. Members that they would have an opportunity to hold RDAs to account for the work that they do in their regions if they attended the Regional Select Committees.

Mr. John Leech (Manchester, Withington) (LD): Thousands of former council tenants in south Manchester were promised that they would be no worse off if they voted for transfer to a housing association, but they are now being short-changed by the Government's decision not to include housing associations in the lower rent increase. Will the Leader of the House meet the Minister for Housing and make proposals for fully compensating those people?

Ms Harman: Several housing issues have emerged today, including the need to ensure that a certain percentage of social housing is included in planning permissions, the question of service charges and the housing association rents that the hon. Gentleman raises. All those issues bear examination and we may look for an opportunity to debate housing. The House will know that the housing sector has been affected by the global credit crunch, but we need many new houses.

I know that hon. Members want me to answer briefly on these points, but I shall now take a little more time. I know that the House is looking forward to the Foreign Secretary's statement, but unfortunately he is not here yet.

Mr. Mark Harper (Forest of Dean) (Con): The Leader of the House will know that the ministerial code says that when Parliament is in session, the most important announcements of Government policy should be made in the first instance in Parliament. Last week, when she published the Equality Bill—which was not available to Members until Monday—she should have restrained herself from giving on-the-record briefings and making media appearances over the weekend on details in the Bill that were not previously available to Members. If the Leader of the House, who is supposed to be the guardian of the interests of Back Benchers, cannot make announcements to the House first, the concept of the Government's accountability to Parliament is clearly dead and buried for this Government.

Ms Harman: The point that the hon. Gentleman makes is especially relevant to statements. If hon. Members are coming to the House to hear a statement, they should have the opportunity to ask the first questions on it, rather than being the second in line after those questions have been asked by a presenter on the "Today" programme or another media outlet. On the publication of Bills, the situation is slightly different. Action on gender pay gaps, positive action and the duty to narrow the gap between rich and poor have all been the subject of consultations and statements. I know that the hon. Gentleman has written to me on this issue, and I have thought carefully about it, but I find myself not guilty in that respect. I am sure that that will reassure him.

Greg Mulholland (Leeds, North-West) (LD): We need a debate on the conduct and competence of Home Office staff at immigration appeal tribunals. I attended one such hearing on 30 March in Bradford for my constituent Enid Ruhango, who is a victim of torture and rape in Uganda. As the hearing was about to start, the Home Office staff withdrew the entire decision, meaning that no appeal could be made—it was a complete farce. They then promised a new decision within 10 working days, but it has now been a month. I wrote to the Home Secretary on 30 March, but I have had no reply. This is not good enough for someone in such a position. When can MPs call the Home Office to account for such farces?

Ms Harman: There will always be occasions on which the Home Office decides on appeal that it will withdraw its case. I have more immigration cases coming through my constituency office than any other Member, and I know that there has been a big improvement in the promptness, accuracy and courtesy with which the Home Office deals with cases, and we should put that on the record. There will always be cases in which things go wrong, including human error or facts that are discovered later in the process that mean that a decision has to be changed. Overall, however, Home Office staff are doing a good and important job, and improving how they do it.

Martin Horwood (Cheltenham) (LD): We all hope that pandemic flu, even though it now seems pretty inevitable, will not prove too dangerous for people in the United Kingdom. However, has the Leader of the House thought through the implications for this place if it does prove dangerous? On the face of it, gathering a representative from every community in the United Kingdom, putting them in one Chamber, forcing them through old-fashioned crowded Lobbies and then redistributing them to every part of the United Kingdom

[Martin Horwood]

sounds like the perfect transmission mechanism. Is this perhaps not a good time to try out more modern methods of voting, such as electronic voting?

Ms Harman: The House of Commons Commission has contingency arrangements, which include the emergency planning arrangements for swine flu.

Mr. Deputy Speaker: May I thank hon. Members, as we got through 34 Back-Bench contributions and two Front-Bench contributions in 46 minutes? I thank the Leader of the House for her answers, too. It shows what can be done.

Sri Lanka

12.20 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I am not sure whether I can compete with that number of questions and answers in the next 45 minutes, but we will try our best.

With your permission, Mr. Deputy Speaker, I will make a statement about the civilian crisis in Sri Lanka. I am very grateful to all Members of the House who contributed to yesterday's important debate on the subject. I returned this morning from a visit to Sri Lanka with the French Foreign Minister Bernard Kouchner. I regret very much that the Sri Lankan authorities declined to allow our Swedish counterpart, Carl Bildt, to join us. Our visit to Sri Lanka was prompted by our increasing concern and that of many international colleagues, as well as of many Members of this House, for civilians in the north of the country, and in particular for the plight of the civilian Tamil population.

There are in fact two crises: that of the civilians trapped in the conflict zone as the Government enter the final stage of their fight with the Liberation Tigers of Tamil Eelam terrorists, and that of the thousands of civilians who have crossed over the front line in recent days. The purpose of the visit was threefold: first, to highlight the need to bring the conflict to an end in a way that minimises further civilian casualties; secondly, to press the case for the humanitarian relief effort to be ratcheted up, as the United Nations and the European Union have been calling for; and, thirdly, to make clear the need for a long-term political settlement that meets the aspirations of all communities in Sri Lanka.

Foreign Minister Kouchner and I met President Rajapaksa, Foreign Minister Bogollagama, the leader of the Opposition, Tamil and Muslim mainstream politicians and a series of permanent secretaries of the relevant Government Departments. We were briefed by the heads of the main United Nations agencies and the International Committee of the Red Cross. We also visited a Government-run camp for internally displaced people at Vavuniya and visited a field hospital donated by the French Government. I heard a number of personal testimonies from recent arrivals in the camp. I am grateful for the way in which the Sri Lankan Government facilitated our visit.

The fog of war makes it difficult to be certain of the facts of the present situation. This is compounded by the lack of access for international agencies and the media. I heard widely different estimates of the number of civilians still trapped in the conflict zone. Government estimates ranged from 6,000 to 20,000 people. The UN, the ICRC and most others believe that there are at least 50,000. Some thought that the number could be as high as 100,000. Whatever the truth, it is clear that significant numbers remain, living under appalling conditions, under-nourished and in fear for their lives. I heard reports of civilians hiding in trenches to escape the shelling and of horrific injuries. I also spoke to people in the internally displaced person camps who recounted how the LTTE had forced them to stay in the so-called no-fire zone against their will and shot at them when they tried to flee.

We were told that 30 tonnes of food were delivered to the conflict zone between 1 April and 27 April, apparently enough to feed 60,000 people for just one day. A further ship delivered limited supplies during our visit. The ICRC has been able to send in only very limited medical supplies, despite having plentiful stocks in Sri Lanka. The block on deliveries of food and medical supplies hinges on security. To deliver these essentials to those innocent civilians trapped in the conflict zone, there needs to be safety. Ships take time to unload and the pauses provided by the Sri Lankan Government have not been long enough. As the House knows, the Government of Sri Lanka declared an end to so-called combat operations on 27 April. The President and Defence Secretary confirmed this to me personally and in definite terms. These commitments must be upheld.

In our discussions with the President and the Foreign Minister, Foreign Minister Kouchner and I made it clear that the protection of civilians must be paramount. We emphasised that if the LTTE had any heart at all, it would let the civilians leave the conflict zone. As G8 Foreign Ministers said in their statement on 25 April, we were also very clear that the time for the conflict to end is now.

We were briefed in detail by the Sri Lankan authorities on their humanitarian relief efforts outside the conflict zone. We welcomed this exchange of information, the extensive work that was under way and the commitments that the Government of Sri Lanka made. Nevertheless, some of what we were told was in contradiction to the information given to us by the international humanitarian agencies.

Let me go through the facts as we understand them. According to the UN, 161,765 Tamils have left the conflict zone since October last year, including an estimated 119,000 in the past 10 days. This is very welcome, but the numbers have seriously challenged the Sri Lankan authorities. The UN agencies we spoke to were frustrated that the Government appear to put unnecessary obstacles in the way of them and others who are trying to assist the Government in dealing with this crisis. The agencies lack any access to IDPs until the IDPs have already been through the preliminary "screening" process. They do not have full access to the camps, and visas and authorisations to move people and goods into and around the country are too limited. Meanwhile, people are not being allowed out of the camps and many families have been separated. Some men, alleged to be LTTE cadres, have been taken from families and placed in so-called rehabilitation camps. All that reinforces the need for full and unhindered access by the UN and other agencies.

We therefore in the course of our visit returned again and again in our talks to five specific points in respect of the humanitarian situation: first, the need for visas to be issued swiftly to international humanitarian staff; secondly, the subject of travel permits for staff working on approved projects inside Sri Lanka; thirdly, the need for full access to IDPs as soon as they have crossed the front line and the monitoring of all stages of screening; fourthly, the need for a proper resettlement programme with specific deadlines to fulfil the Government's commitment to have 80 per cent. of IDPs resettled by year's end; and, fifthly, to allow the distribution of sufficient food and medicine to meet the needs of civilians trapped in the conflict zone. We were promised intensive follow-up by the Sri Lankan Government and we will continue to engage with them on all these issues.

At present, the Sri Lankan Government are engaged in a war without witness in the north of the country. Civilians have fled the terror of the LTTE, but are afraid of what awaits them at the hands of the Government and unsure whether they will ever be allowed home. We were given assurances by the Sri Lankan Government that they had nothing to hide. We responded that it could therefore only be to the benefit of the Sri Lankan people and the Sri Lankan Government to work with the international community in a fully transparent way. By giving UN agencies and international non-governmental organisations the freedom to operate to capacity in all areas, the Sri Lankan Government would not only bring much needed relief to thousands of traumatised or injured people but attract greater confidence from the international community.

My right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne) will take up the invitation of President Rajapaksa and visit Sri Lanka as part of a cross-party group of MPs next week and will pursue these points. The other members of the group will be the right hon. Member for Gordon (Malcolm Bruce), the hon. Members for South Down (Mr. McGrady) and for Buckingham (John Bercow) and my hon. Friend the Member for Glasgow, Central (Mr. Sarwar). I share the gratitude of my right hon. Friend the Member for Kilmarnock and Loudoun that they have agreed to take part in this important visit at short notice. I will be visiting New York on 11 May for UN Security Council business and will pursue further UN involvement in the crisis. I will be discussing with Secretary Clinton tonight, as well as with other like-minded colleagues, how we can work more closely together to find a way to bring the fighting to a stop.

No one should underestimate the murderous damage done to Sri Lanka over the last 26 years by the LTTE, or the sheer hatred felt for its leadership. That is recognised in the international community, but while terrorist organisations work by killing people, democratic governments exist to protect them. That is why the fighting in Sri Lanka must end now. The LTTE is apparently cornered and trapped, having inflicted grievous suffering on the people of Sri Lanka, primarily Sinhalese and Tamil, but also Muslims. How the conflict is ended will have a direct bearing on the prospects for long-term peace in the country. The Government there must win the peace as well as the war. That will be the continuing focus of this Government's activity, hand in hand with international partners, in the days and weeks ahead.

Mr. William Hague (Richmond, Yorks) (Con): May I begin by thanking the Foreign Secretary for coming to the House to make this statement? It was surely right for him to travel to Sri Lanka with the French Foreign Minister to highlight our deep concern about the civilian situation there and about the other issues that he has mentioned. He was also right to urge the Government of Sri Lanka to live up to their obligations, and to call on the LTTE to allow civilians to leave the conflict zone. All hon. Members across the House support the right hon. Gentleman in making that mission and in what he has said today. We also wish to register our emphatic dissatisfaction that Carl Bildt, the Swedish Foreign Minister, was denied a visa to join him on the visit.

[Mr. William Hague]

I want to raise two sets of questions—the first about the needs of civilians caught up in the fighting, and the second about efforts to secure a real ceasefire. On the humanitarian situation, the UN has said that there have been 6,500 civilian deaths since January. Moreover, as the Foreign Secretary said, according to the UN at least 50,000 people are still trapped in the conflict zone. Those are the statistics, but we should always bear it in mind that they mean that entirely innocent human beings are caught up in a situation of absolute horror, and that many thousands of people in Britain are deeply worried every minute of the day about the safety of their friends and relatives.

Is it not a deeply depressing aspect of the conflict that both sides appear to have contributed to such massive civilian suffering? Reports that the LTTE has forcibly recruited young men to fight and used civilians as human shields are abhorrent. There are still conflicting reports about the use of heavy weaponry in the conflict zone. The Sri Lankan Defence Minister said yesterday that there would be

"absolutely no more heavy shelling",

but reports this morning suggest that that promise may have been broken. Has the Foreign Secretary made any assessment of that, in view of the definite assurances that he has received and to which he referred in his statement?

We accept, of course, that the lack of access to the conflict area makes it very difficult for the Foreign Secretary to know the answer to this question, but can he give us his understanding of what the

"cessation of heavy military combat"

means on the ground? Does it mean that civilians are still caught up in fighting with lighter weapons? The Foreign Secretary has been to Sri Lanka, although he was not able to visit that specific area—what is his view on that?

There are also two crucial issues related to access to the conflict zone. First, we understand that aid agencies and convoys are still not allowed in to help, and secondly, we also regret the fact that the UN Secretary-General's humanitarian team has still not been allowed to enter. Did the Foreign Secretary receive any rational explanation of why the Government of Sri Lanka continue to reject that vital assistance? Did he get any indication that their attitude will change?

It is clear that the Foreign Secretary has tried to insist on greater access. Considering the situation in the camps, what else does he think can be done to persuade Colombo to change its position? In his view, is the apparent screening of people held in camps leading to breaches of human rights? In the light of the reports of screening, is the right hon. Gentleman confident that the Sri Lankan Government are on track to meet their commitment to return 80 per cent. of the people in the camps to their places of origin by the end of this year?

Finally, does the Foreign Secretary also agree that recent sustained signs of a deterioration in the human rights situation in Sri Lanka as a whole are of concern? In particular, there have been reports of abductions and disappearances, as well as of intimidation of the media and so on. Does he agree that it is strongly in Sri Lanka's interests for those reports to be thoroughly and independently investigated?

My second set of questions concerns efforts to secure a ceasefire. The Foreign Secretary has been quite rightly pressing for a ceasefire that allows the humanitarian situation to be dealt with. It is disappointing that his efforts and pleas have been refused, subject to how we are to define what the Sri Lankan Government have announced so far. Does the right hon. Gentleman see any prospect for any further initiatives, and what is the next step in the process? Is there any prospect of formal UN Security Council involvement? Presumably, that would be very difficult to secure, given the position of Russia and China. Can he confirm reports that the US Government have suggested that they might withdraw their support for the $1.9 billion International Monetary Fund package for Sri Lanka's central bank unless the Government do more to help trapped civilians? Has he discussed that with the US Secretary of State, and what is the UK Government's position on the matter?

Does the Foreign Secretary see any scope for the Commonwealth, of which Sri Lanka is of course a member, to use its influence to bring about an improvement in the situation? That is especially important as Sri Lanka sits on the Commonwealth's ministerial action group, and is responsible for upholding the Commonwealth's core principles and values.

We all hope that the forthcoming visit by the right hon. Member for Kilmarnock and Loudoun (Des Browne) and his colleagues will help to improve matters, and we wish him well. Some kind of end to the immediate fighting may be in sight, but we agree with the Foreign Secretary that long-term stability can be achieved only through a settlement that satisfies the concerns and legitimate aspirations of all Sri Lankans, and that preserves democracy in that country.

We all hope that Sri Lanka's longer-term future will be one of peace, stability and economic development, but does the Foreign Secretary agree that the country will need allies and partners across the world, and respect for the policies that it pursues? Does that not make a compelling case for Sri Lanka, in its own interests, to heed international calls to protect civilians and to prevent human rights abuses for the remainder of this tragic and continuing crisis?

David Miliband: I am grateful to the right hon. Member for Richmond, Yorks (Mr. Hague) for his broad support for the calls that we have been making. It is notable that they have been echoed right across the House, and that can only be a good thing. He almost asked 46 questions on his own, never mind leaving room for 46 in the whole session, but I shall try to run through as many answers as possible.

The right hon. Gentleman was right to say that there are continued reports about the use of heavy weaponry since Monday, when the first announcement was made by the Government of Sri Lanka that heavy weaponry would not be used. I deliberately did not refer to those reports in my statement, because at this stage they are only reports and it is very important that we get to the bottom of the facts. However, I am absolutely clear that the international community has been assured—very clearly and in definitive terms—by Sri Lanka's President and Defence Secretary and others that heavy munitions as well as aerial and naval bombardments will not be used. In that context, credible evidence that they have

been used would have very serious repercussions for the relationship between Sri Lanka and the rest of the world.

The right hon. Gentleman asked whether the end of heavy combat operations meant that civilians in the conflict zone were somehow safe. I cannot give him that assurance but, as he intimated, the Sri Lankan Government's efforts to capture the leadership of the LTTE will continue, with the result that the danger of civilians being caught in crossfire will remain.

The right hon. Gentleman asked about the aid agencies. There was a delivery on Monday, and a further one yesterday. A 1,000-tonne ICRC vessel is waiting to make another delivery, but the way that shipments are unloaded means that that takes three or four days. The fact that there is not the security to allow that to happen has been a major focus for us. I know that the House will have seen that the ICRC has put out a very strong statement today setting out its concern about the situation, and that tallies with what I have reported this morning.

The right hon. Gentleman referred to Secretary-General Ban ki-Moon's team, which was the product of talks that his chief of staff, Mr. Nambiar, held with the Sri Lankan Government nearly two weeks ago. It was reported to the UN Security Council that a team would be allowed into the conflict zone to assess the humanitarian needs. In addition, however, and rather separately from what the right hon. Gentleman mentioned, the team would try to make provision for civilians to leave. That mission is now being denied by the Sri Lankan Government, and in fact they are saying that there never was any agreement for a UN Secretary-General mission to go to the area.

The right hon. Gentleman asked whether there was any rational explanation for Sri Lanka's rejection of that assistance. The Sri Lankan Government have said that the team would not be safe in the conflict zone, but it is obviously a source of great concern that something could be reported to the UN Security Council as an agreement but then not followed through. The UN Secretary-General's determination last Thursday after I spoke to him to dispatch the team to Colombo shows that the UN sees no practical obstacles to its reaching the area.

The right hon. Gentleman asked about the return of 80 per cent. of people in IDP camps to their places of origin by December, and I think that the most important thing is to get a proper schedule. The main practical obstacle is the number of mines that exist in the country. The Sri Lankan Government want help with demining, but they must make sure that there is proper access if that help is to be forthcoming.

The right hon. Gentleman was right to mention the humanitarian problems in Sri Lanka as a whole, and that is a problem to which we have referred in written and oral statements to the House before. The killing of journalists is notable among those problems, and all friends of Sri Lanka will be concerned to ensure that its democratic heritage is upheld, because this is a time when Sri Lanka needs its democracy more than ever.

The right hon. Gentleman asked about the involvement of the UN. He will know that Britain, France and the US raised the issue at the UN last week, under any other business. We have not yet been able to get it on to the formal agenda of the UN. The blockage does not come only from the two countries that he has mentioned, but obviously the New York special session on the middle east on Monday week will be an opportunity at least to try to take the agenda forward.

We are duty bound to look extremely carefully at the situation on the ground should any plan be presented to the IMF board. It is a basic tenet of the work of the IMF that any money should be put to good use, and that requires taking a close look at the situation on the ground, which is what we will do.

The right hon. Gentleman will know that Members of this House as well as the Government have approached the Commonwealth Secretary-General about Sri Lanka. As the right hon. Gentleman pointed out, the prospects of progress in that sphere are rather limited by the make-up of the Commonwealth ministerial action group, and its practice of taking action only against countries that suspend their own democracy.

The right hon. Gentleman asked about Sri Lanka's need for allies in the future. That is evident from the scale of the humanitarian crisis with which it has to deal. Certainly my message and that of Foreign Minister Kouchner to President Rajapaksa yesterday was that Sri Lanka needed its friends and the international community, but the only way to keep them was to live up to the standards expected of a democratic Government.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I too congratulate my right hon. Friend on undertaking this initiative along with the French Foreign Secretary. It shows the priority given by the UK and French Governments to achieving a ceasefire. I refer my right hon. Friend to his letter to Members yesterday. He outlined three priorities, the first of which was to bring the conflict to an end. We all recognise that that is the most important initiative if we are to undertake the two further priorities that he outlined. My right hon. Friend said that he would be going to the UN and meeting the American Secretary of State over the weekend. Can he outline some of the discussions that he is likely to have and what initiatives he will put to them to ensure that we achieve that objective at the earliest possible time?

David Miliband: I am grateful to my hon. Friend, who has a long-standing interest in this issue. The discussions will focus on the items that we all agree are essential—the humanitarian crisis and how to get access for the UN agencies and their aid, but also how to fashion a halt to the fighting, and then in the longer term to ensure that some kind of political process is developed to respect all Sri Lanka's minorities. I will discuss that with Secretary Clinton tonight.

Last night when I met many from the diplomatic community, I found one of the remarkable things was that high commissioners and ambassadors from countries around the world wanted to talk about how they could join the coalition for change in Sri Lanka. There is a real sense in the international community that there needs to be a coherent and focused engagement. When I spoke to Foreign Minister Bildt this morning on his way to Washington, he was clear that he wanted to remain engaged despite the denial of a visa to him.

Mr. Edward Davey (Kingston and Surbiton) (LD): May I start by wholeheartedly thanking the Foreign Secretary for making his trip to Sri Lanka and reporting

[Mr. Edward Davey]

back to the House immediately on his return? He has clearly read at least some of the debate that we had in the Chamber yesterday, and I hope that he finds the unity that we achieved and the tributes paid to him in his absence a small reward for his efforts. However, I also know that the rewards that he and all of us really seek are a ceasefire, humanitarian assistance and a settlement that brings peace and justice to all in the island of Sri Lanka.

The Foreign Secretary said in his statement that he was promised intensive follow-up by the Sri Lankan Government. Can he say what that actually means in terms of the timetable for enabling humanitarian assistance to get through, for media access and for the access of UN monitors, which is so important? He may also have noted the calls yesterday in the House for a major increase in diplomatic pressure on the political and military leaders on all sides, on top of what he is already doing, in order to secure a ceasefire. For example, surely we should be using the proposed IMF loan as leverage, telling the Sri Lankan Government that unless they listen to the reasonable humanitarian requests of the international community, that loan will not be forthcoming. What discussions has the Foreign Secretary had with other Governments, especially Japan's, about producing a package of financial sanctions, such as an end to non-emergency development aid, that will be imposed on the Government of Sri Lanka if they fail to listen to the humanitarian requests?

Can the Foreign Secretary confirm a pledge that the Government made in the House yesterday that they support an early investigation into all allegations of war crimes and crimes against international humanitarian law? Has that message been conveyed to both sides? If not, will he ensure that all leaders in the conflict are reminded directly that there can be consequences, including personal consequences, to their actions?

The right hon. Gentleman will also know it has been alleged that what is happening in Sri Lanka amounts to genocide. Has the Foreign and Commonwealth Office yet sought legal advice on whether that is what might be happening? If not, can he now request that such advice is sought?

Can the Foreign Secretary make special arrangements for all Members of the House, from all parties, who have worked so hard on this issue to be fully briefed by the FCO over the next few crucial days, weeks and months so that we can provide as much information as possible to our constituents who have families and friends who are suffering in Sri Lanka?

David Miliband: I am grateful for the interest that the hon. Gentleman has taken in this issue and for the spirit of unity that he has sought to help to develop. I think that that can be sustained. The timetable for the intensive work started this morning. Sri Lankan time is four and a half hours ahead of us, but as I left the Foreign Minister last night in Colombo, he was clear that he would be attending to this as a matter of urgency. He had cancelled various trips and was focusing on it. We will continue to engage. Meetings are planned by people in the country, and I will be making sure that they happen. Some of them are still to be scheduled, but time is of the essence. That is why there is a sense of real urgency about this work and why the bold statement by the ICRC today is further testimony to the need for urgent action.

As I said in response to an earlier question, any IMF programme needs to be credibly implemented. That depends on the situation on the ground. We will look carefully and with due diligence at any proposals by the IMF authorities to take forward the suggestion of the Government of Sri Lanka that they want an IMF loan.

I spoke to the Foreign Minister of Japan on Tuesday morning. Obviously, Japan is an important player; it is a co-chair as well as a generous donor. In all the work that we do, we shall be concerned to avoid harm to the citizens of Sri Lanka of any community and to make sure that they do not lose out but, in saying that Sri Lanka needs its friends, it is implicit that it must uphold the standards of behaviour expected by its friends. I believe that that is important.

I stand four-square behind what my hon. Friend the Under-Secretary said last night at the close of the debate. Our standing position is that any allegations of war crimes by any side in any conflict need to be urgently, independently and credibly investigated, and that remains the case in this conflict. As it happens, the focus of the aid agencies yesterday morning, and of the UN, is on the immediate issues, for obvious reasons that I am sure the hon. Gentleman understands, but I am happy to reaffirm the position of the Government on war crimes.

Keith Vaz (Leicester, East) (Lab): A British Foreign Secretary must be incredibly busy. I would like to just say to my right hon. Friend how proud I am of him for changing his diary and travelling thousands of miles in search of peace. The whole House is grateful for what he has done.

Echoing the sentiments of the shadow Foreign Secretary and the hon. Member for Kingston and Surbiton (Mr. Davey), I suggest that the IMF loan is important. In his conversation with Hillary Clinton this evening, I hope that my right hon. Friend will convey to her the feelings of the whole House on the matter. In all his conversations and the huge efforts that he is making, please will he not forget the Indian Government? It is vital that we keep in touch with the Foreign Minister of India. I know that India is in the middle of elections, but it has a crucial role to play in ensuring that there is peace in this troubled island. I thank my right hon. Friend again for all that he has done.

David Miliband: I am extremely grateful for the heartfelt thanks from my right hon. Friend although, as the hon. Member for Kingston and Surbiton (Mr. Davey) said, there will be no reward for any of us unless there is some alleviation of the suffering in Sri Lanka. I know that that is very much my right hon. Friend's position as well because he has campaigned long and tirelessly on this issue.

The IMF question will certainly be addressed in many of the conversations that occur about this issue, and the situation on the ground will be very important in those discussions.

I spoke to Foreign Minister Mukherjee last week, and although he is in the middle of the election campaign, he has given important priority to this issue. As my

right hon. Friend says, India is a vital player when it comes to change in Sri Lanka. Notwithstanding the challenges of the election campaign, I spoke to the Indian high commissioner in Colombo last night. He reiterated the Indian Government's concern, and I reiterated that I would soon be in touch again with Foreign Minister Mukherjee, because—election campaign, or no election campaign—this is obviously a matter of high concern to the Indian Government.

Mr. Lee Scott (Ilford, North) (Con): May I join colleagues from both sides of the House in thanking the Foreign Secretary for what he is trying to achieve for peace? I have taken on board everything that he said about the Commonwealth committee, but has the time not come, as people are dying every day, to call for Sri Lanka's suspension from the Commonwealth?

David Miliband: I totally understand the sense of frustration that the hon. Gentleman feels, given that the circumstances are indeed dire in Sri Lanka. As he knows, the Commonwealth has only ever suspended countries on the basis of the violation of its democratic norms, which are at the heart of the rather ironically titled Harare declaration—irony is not really a strong enough word, but the House will know what I mean—and that may be a good or a bad precedent, but that is the fact of how the Commonwealth works. Sri Lanka is one of the members of the Commonwealth ministerial action group, which works only by consensus, and that is why the secretary-general has appointed to the limits of what the Commonwealth can do in this area. Obviously, we have a Commonwealth Heads of Government meeting coming up, but frankly that is too far away, given the immediate needs that exist, and that is why it is right that we pursue progress via other channels at the moment.

Joan Ryan (Enfield, North) (Lab): I thank my right hon. Friend for making the trip that he has just made and for acting to protect innocent civilians in Sri Lanka. I hope that other leading politicians and statespeople around the world will see that as an example that it is important to stand up and be counted, and we are grateful that he has done that on behalf of the whole House.

My right hon. Friend referred to the statement of 27 April and the Government of Sri Lanka saying that they had ended combat operations. I wonder whether he could say a little bit more about whether we can have confidence in that, particularly given that we have not achieved a ceasefire.

May I press another point with my right hon. Friend? I am pleased that he is going to the UN shortly, but despite the difficulties of achieving a UN resolution for the reasons that we have discussed before, it is very important that we continue every diplomatic effort possible with all members of the Security Council to make it absolutely clear that if it is not possible to achieve a resolution because of the veto, the overwhelming majority of that council's members totally support such a resolution if achieving one is possible.

David Miliband: I am grateful to my right hon. Friend, who has campaigned long and hard on this issue. I wish that a large majority of the UN Security Council supported action on the issue. My right hon. Friend the Member for Kilmarnock and Loudoun made the rather important point when I met him last week that, when he was in New York last week, all the demonstrations happening there were outside the buildings of countries that supported UN action. I fear that that number is not very large and certainly not large enough, but she can be assured that I will continue to work with all countries around the world on the issue.

The first question that my right hon. Friend asked was about the commitment to end so-called combat operations, or heavy mortar fire and the use of naval and air power. What I and Foreign Minister Kouchner said to the President and what we repeated to the Foreign Minister was that there could be no greater word of honour placed by the President and Defence Secretary of a country to two visiting Foreign Ministers but that the use of such weaponry will end. That is why, given that the stakes are so high on that word being its bond, we ensure that we bottom out all reports before we comment on them. The consequences could not be more serious for a country to promise that it will not use heavy weaponry and then to do so. That is why all reports or rumours need to be investigated. Equally, it is incumbent on me to be careful before making accusations that are not wholly well founded and well researched.

Stephen Hammond (Wimbledon) (Con): May I echo the words of thanks of other hon. Members to the Foreign Secretary and the comments made from both Front Benches that there is clearly fault on both sides in the dispute? The Foreign Secretary will be well aware that the humanitarian crisis for innocent Tamil civilians concerns the whole House. Although we take on board his comments that he was assured that the Sri Lankan Government had nothing to hide, given the blockages at the UN can he tell us what confidence he has that the Government of Sri Lanka will react to international pressure, particularly on the five points that he outlined and especially on the humanitarian visas given to outside organisations?

David Miliband: The hon. Gentleman makes an important point. I will not start giving percentages, marks out of 10 or grades of confidence, but those five issues are much higher on the agenda today than they were on Tuesday, before Foreign Minister Kouchner and I went. Tragically, for some Tamil civilians it is too late. That should drive us forward, to ensure that no time is lost on following through on these issues. It is very important that we recognise that democratic Governments are held to higher standards than terrorist organisations. I made that point in my statement. It recurs in a number of parts of the world where democratic Governments may feel frustration at the limits that are imposed on them in how they conduct their operations, but those limits are imposed for very good reason: if we do not defend the values that we are meant to uphold in the way that we attack terrorism, we fall to standards that we should not even consider. The fact that the LTTE is preventing civilians from leaving the combat zone says everything that we need to know about where its interests lie, but it is vital that the Government of Sri Lanka rise above that—they need to find a way that builds a peace as well as wins the war, and we are trying to work with them to achieve that.

Siobhain McDonagh (Mitcham and Morden) (Lab): I do not want my right hon. Friend to become big-headed, but on behalf of my constituents may I say how proud I

[Siobhain McDonagh]

was that he took the time to go to Sri Lanka? That was a really brave decision, and we will be for ever in his debt for doing it. But we always want more of our friends, so may I ask that he does everything he can at the UN Security Council? I do not wish to frighten him, but a number of Members are going round to all the London embassies of the Security Council's members. My right hon. Friend the Member for Enfield, North (Joan Ryan) and I have recently come back from the Austrian embassy. We went to see the Costa Ricans last week. We are overwhelmed by their great confidence in the leadership of the UK Government and their willingness to support them in any way they can. We therefore believe that a large number of countries want to support my right hon. Friend the Foreign Secretary in his efforts and are there to back him up. Finally, if he can find the time in his busy day, could he possibly meet a similar delegation of UK young Tamils to talk about his visit to Sri Lanka?

David Miliband: I am grateful to my hon. Friend, who has shown determination and passion in abundance in standing up for her constituents on this issue. The work done by parliamentarians and civilians around the world is exactly what we want in a democracy, and I applaud the peaceful and diplomatic discussions that she has undertaken. Well, perhaps they are not always diplomatic, but she knows what I mean—the sometimes diplomatic but always passionate discussions that she undertakes. I can certainly confirm that we are in touch with as many countries as we can find, because this important issue requires the coalition that we have been trying to build for some time but that is now beginning to come to fruition.

Barry Gardiner (Brent, North) (Lab): May I, too, commend my right hon. Friend for the courageous and determined way that he has pursued peace in Sri Lanka? What reasons did the Sri Lankan Government give for not agreeing to an immediate ceasefire, for blocking relief aid into the area and for not allowing transparent, independent access to the media and human rights organisations? Will our Government now consider ensuring that the Commonwealth Heads of Government conference in 2011 is not hosted by Sri Lanka, as it wishes?

David Miliband: As I said in my statement, the Sri Lankan Government did not have the same rendition of the facts as the agencies about the delivery of various forms of aid. They denied allegations that they were blocking aid, and it is important that we follow through on that in detail. On the ceasefire, they argue that they need to prosecute their military campaign against the LTTE to its end. They point—rightly, actually—to the fact that they have made more advances in the past three or four months than anyone expected and that 120,000 citizens have been got out of the conflict zone. While they put forward those arguments we, in return, have emphasised the paramount importance of protecting civilians' lives, as we will continue to do.

Adam Price (Carmarthen, East and Dinefwr) (PC): Given the Sri Lankan Government's stated intent to continue this "war without witness", to use the Foreign Secretary's term, will the Government suspend any UK arms export licences to Sri Lanka with immediate effect? What steps is he taking to prevent the sale of munitions, including artillery shells, to the Sri Lankan military by EU countries? If we did not take such steps, would we not be complicit in any further civilian deaths?

David Miliband: As the hon. Gentleman knows, we, alongside other European countries, have the toughest arms export criteria in the world. There has never been a shred of evidence to suggest that the Sri Lankan Government have used British artillery. We will continue to impose that tough arms control regime in everything that we do.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): May I add my thanks to the Foreign Secretary? My constituents in the Milton Keynes Tamil association will be heartened by the seriousness with which he is taking his concerns, as he demonstrated by going to Sri Lanka with Mr. Kouchner. May I focus on one of his five points—full access to the IDPs? There is huge concern among the Tamil community about the way in which men are being screened out of the IDPs and assumed to be part of the LTTE, just because they are male Tamils. Will he ensure that that point is not lost as part of all the other issues that he is rightly pursing at the UN and in other places?

David Miliband: This is an important point. Some young Tamil men have been taken for "rehabilitation", although not all of them. It is important that I say that I talked to many young men at the IDP camp that I saw yesterday, as well as women—both younger and older. One reason why we have been emphasising the need for UN access throughout the non-conflict area is precisely to address that concern of my hon. Friend and her constituents, which we will continue to raise.

Mr. David Burrowes (Enfield, Southgate) (Con): On behalf of my constituents, I welcome the Foreign Secretary's commitment to end a conflict that has caused such suffering and destruction. Given his statement that this is a war without witness, will he prioritise ensuring that there is proper UN monitoring and freedom of the press so that democratic values and a respect for human rights can be restored to Sri Lanka and, especially, the Tamil people?

David Miliband: Yes; that is certainly an important part of our work.

Mr. Paul Burstow (Sutton and Cheam) (LD): On behalf of the Tamil community in my constituency, I thank the Foreign Secretary for his trip and everything that his Ministers are doing to raise my Tamil constituents' concerns.

May I press the Foreign Secretary on a question asked by my hon. Friend the Member for Kingston and Surbiton (Mr. Davey) about seeking legal opinion on whether genocide, under the convention definition, is indeed happening? Has legal advice been sought, and if not, will he do so? Does he agree that only a political process, not a victory on the battlefield, will in the end deliver the justice and peace that people in Sri Lanka deserve?

David Miliband: The hon. Gentleman is certainly right to say that only a political process can deliver that. I want to give him an accurate reply about the state of our legal advice, or lack of it, so I will write to him about that.

Simon Hughes (North Southwark and Bermondsey) (LD): May I say, hopefully by way of encouragement to the Foreign Secretary and all of us, that in response to the strong, united view of the House yesterday and his actions, the last of the hunger strikers in the UK gave up his hunger strike this afternoon? Will the Foreign Secretary continue to concentrate on ensuring not only that we have the ceasefire that is immediately wanted, but that independent people will have the ability to watch what then happens on the ground, because only such presence in the days following any end to conflict will give confidence that there will not be further human rights violations of people in the Tamil community in the north of Sri Lanka?

David Miliband: Too many lives have been lost at other people's hands for people to take their own lives in the search for change in Sri Lanka. We will certainly continue to make the case for independent access. The central message that we delivered yesterday was that with aid must come access. It is vital for Sri Lanka's reputation, as well as the well-being of its people, that there is independent access for people of only good intent—in my experience, they are the brave people of the UN, the ICRC and the aid agencies, who want access to do good—so we should do everything possible to encourage it.

Point of Order

1.5 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): On a point of order, Mr. Speaker. The Department for Culture, Media and Sport has today made a major announcement on internet gambling. You might not be aware of that because the announcement was made not in the Chamber or as a written statement, but on page four of the *Financial Times*. The Department has now also come out with a press release. Do you agree that such announcements should be made in the Chamber so that we have the opportunity to comment about them?

Mr. Speaker: If the hon. Gentleman allows me to read the article he mentions, perhaps I will be able to write to him about it—that is the best way to proceed.

Members' Allowances

Mr. Speaker: In accordance with the business of the House order that was agreed yesterday, the six motions on Members' allowances, financial interests and Members' staff will be debated together in a single debate. At the end of the debate, and no later than 5 o'clock, I will put successively the Questions on each motion and any amendments selected that are then moved. My selection of amendments is available in the usual way.

1.6 pm

The Leader of the House of Commons (Ms Harriet Harman): I beg to move motion 1,

(1) That this House welcomes the Prime Minister's decision of 23 March 2009 to invite the Committee on Standards in Public Life to inquire into Members' allowances;

(2) That it is necessary to recognise the additional costs incurred by hon. Members as a result of the need for them to undertake parliamentary duties both in Westminster and their constituency;

(3) That, in the opinion of this House, any new arrangements relating to Members' allowances ought to—

(a) take account of hon. Members' attendance at Westminster;

(b) be transparent and accountable; and

(c) reduce the existing annual limits on the allowances which hon. Members may claim, producing overall cost savings;

(4) That, to resolve this matter urgently and in a way that will command maximum public support, it would be desirable for the House to have an opportunity to consider any recommendations from the Committee as early as possible.

Mr. Speaker: With this it will be convenient to discuss the following: amendment (j) to motion 1, in paragraph (1), leave out from 'allowances' to end of the motion and add

'; believes that in order to command maximum public support for change the House should defer its conclusions until after the Committee has reported; and further believes it would be desirable for the House to have an opportunity to consider any recommendations from the Committee as early as possible.'.

Amendment (l) to motion 1, at end of paragraph (3)(a) insert

'but not permit a per diem allowance.'.

Amendment (d) to motion 1, leave out paragraph (3)(c).

Motion 2—*Members' Allowances (Greater London)*—

That, with effect from 1 April 2010, no distinction shall be made for the purposes of the rules governing Members' allowances between an hon. Member who represents an inner-London constituency and an hon. Member who represents any other constituency the whole of which falls within 20 miles of the Palace of Westminster.

Motion 3—*Registration of Members' Financial Interests*—

(1) That, for the purpose of complying with the Resolution of the House of 22 May 1974 relating to Registration of Members' Financial Interests, in respect of interests falling within Category 1 (Directorships), Category 2 (Remunerated employment, office, profession, etc) or Category 3 (Clients), hon. Members shall furnish the Registrar with the following particulars—

(a) the precise amount of each individual payment made in relation to any interest,

(b) the nature of the work carried out in return for that payment,

(c) the number of hours worked during the period to which the payment relates, and

(d) except where disclosure of the information would be contrary to any legal or established professional duty of privacy or confidentiality, the name and address of the person, organisation or company making the payment;

(2) That such interests shall be registered whether or not their value in any given year exceeds one per cent. of the current Parliamentary salary;

(3) That the provisions of this Resolution shall apply whether or not the interest in question depends essentially upon, or arises out of, the hon. Member's position as a Member of Parliament; and

(4) That the provisions of this Resolution shall come into effect on 1 July 2009.

Amendment (g) to motion 3, leave out paragraph (1)(c).

Motion 4—*Members' staff*—

(1) That, in the opinion of this House, staff who work for an hon. Member should be employed by the House, as a personal appointment and managed by the hon. Member; and

(2) That the House of Commons Commission shall consider this decision and make recommendations for its implementation, including any transitional provisions which may be necessary, by 29 October 2009.

Amendment (a) to motion 4, leave out paragraph (1).

Amendment (f) to motion 4, after

'managed by the hon. Member',

insert,

', and should be entitled to join the House of Commons Staff Pension Scheme'.

Amendment (g) to motion 4, leave out from

'managed by the hon. Member'

to end and insert,

'if the hon. Member concerned requests it.'.

Amendment (b), leave out 'this decision and', and insert

'the benefits or otherwise of an arrangement by which staff who work for an hon. Member might be employed by the House, as a personal appointment and managed by the hon. Member, and, if appropriate,'.

Motion 5—*Members' Allowances (Evidence of Expenditure)*—

That, in respect of any claim for payment made by an hon. Member after 1 July 2009 in relation to any allowance or expenditure for which documentary evidence is required, such evidence shall be required regardless of the sum concerned.

Motion 6—*Members Estimate Committee (Amendment of the Green Book)*—

That Standing Order No. 152D (House of Commons Members Estimate Committee) shall be amended in line 10 by inserting after 'House' the words 'and the Guide to Members' Allowances known as the Green Book'.

Ms Harman: This is an opportunity for the House to debate matters that all hon. Members care about and know to be important. None of us wants a situation in which someone can be an MP only if they have enough money to afford the costs that inevitably come with a constituency that is far away from London. That is why we all agree that we must have financial recognition of the cost of working in London and in a constituency.

We all want to be sure that we can do our work effectively on behalf of our constituents, which is why we agree that it is necessary to have a team of staff so that we can do our work. We all recognise that Parliament has legitimacy because each of us is democratically elected, but we also know that the institution of Parliament

needs to command public confidence, and it is evident that the public do not have confidence in our allowance system. That lack of confidence undermines not only the institution of the House of Commons, but every one of us Members.

We made changes in July last year and January this year. I think that those changes did a great deal to put our allowances on a better footing and to make the audit of our claims fully robust. I pay tribute to hon. Members on both sides of the House who worked hard to shape those changes. However, it is clear that the lack of public confidence is such that we need to go further. The Prime Minister has said this, and the leaders of the major Opposition parties have also called for immediate action. Today's debate and the motions before the House offer us an opportunity to take that action.

The first motion will enable the House to endorse the inquiry that the Committee on Standards in Public Life is conducting at the request of the Prime Minister. It is a major step for the House to endorse a thorough and external review of the structure of our allowance system by an independent body, and we should all be grateful to Sir Chris Kelly and his committee for undertaking it.

Dr. Tony Wright (Cannock Chase) (Lab): Will my right hon. and learned Friend help us on something at the outset of our debate? If the House takes a view today that turns out to be contrary to the view that emerges from the Kelly committee, which will prevail?

Ms Harman: I will be able to help my hon. Friend with the answer to that question when I address how I will ask the House to deal with the amendment tabled by members of the Standards and Privileges Committee.

Sir Patrick Cormack (South Staffordshire) (Con): Further to the point made by the hon. Member for Cannock Chase (Dr. Wright), the right hon. and learned Lady has said to the House that we should endorse the Christopher Kelly inquiry. I entirely agree with that, so why are we to anticipate and pre-empt it? Surely out of courtesy alone we should allow Sir Christopher and his committee to conduct their investigations and make their recommendations, and then vote on them. We are pre-empting the committee today.

Ms Harman: We are not pre-empting the Kelly inquiry. There are a number of actions that we can take now. If hon. Members will let me get on with my speech, they will hear how I suggest that the House should vote on the motion and the amendments. Hopefully they will then be reassured that there is no question of us wanting to pre-empt the Kelly inquiry, for which the Prime Minister called, and which we hope that the whole House will support. I do think that there are actions that we could take now without having to wait for the Kelly inquiry. That is not about pre-empting it; it is about taking certain actions now.

Mr. David Heath (Somerton and Frome) (LD): There is one glaring omission from the motions on the Order Paper. It relates to a measure that I think would command support from all parts of the House: the Prime Minister's suggestion that those who have grace and favour accommodation, paid for by the state, should not be able to claim the additional costs allowance. Will the right hon. and learned Lady explain why that is not on the Order Paper? If her intention is that the issue should be dealt with by the ministerial code of conduct, I say to her that that is not sufficient, because it does not allow for complaints from members of the public to be investigated by the Parliamentary Commissioner for Standards and the Standards and Privileges Committee.

Ms Harman: I think that I had better get on with my speech, because I have answers to the questions asked so far further down in my speech. I ask for Members' forbearance, so that I can get on and make my argument.

Mr. David Clelland (Tyne Bridge) (Lab): Will my right hon. and learned Friend give way?

Ms Harman: I will give way one more time, but then I must get on.

Mr. Clelland: Before we move off the point about giving guidance to the Kelly committee—that, I take it, is what the first motion does—there seems to be a contradiction in the first motion. Paragraph (2) recognises that Members of Parliament

"undertake parliamentary duties both in Westminster and their constituency".

Indeed they also undertake such duties outside Westminster and their constituency, which is not mentioned. The motion goes on to say that

"any new arrangements…ought to…take account of hon. Members' attendance at Westminster".

Why is that?

Ms Harman: I ask my hon. Friend to bear with me. I will answer his question as I get on with my speech. The first motion invites the House to express the opinion that new arrangements should take account of attendance at Westminster, be transparent and accountable, and reduce the cost to the public. The amendment in the name of the Chair of the Standards and Privileges Committee, the right hon. Member for North-West Hampshire (Sir George Young), welcomes the inquiry but deletes that opinion, invites the Kelly committee to get on with its work, and asks that we consider the recommendations as soon as they have been made. In the consultation paper that Sir Christopher Kelly recently issued, "Review of MPs' Expenses—Issues and Questions", he said that he will indeed consider whether the payment of allowances should be linked to attendance and a flat-rate daily payment. In that consultation paper, the Committee on Standards in Public Life says, on the issue of a flat-rate allowance:

"The Committee will consider this proposal alongside other options for reforming the current system."

Sir Christopher Kelly also says that he will look at how we ensure best value for the taxpayer. In the light of that, it does not seem necessary for me to divide the House on the amendment, and I am minded to accept it. The important thing is that we endorse the Kelly inquiry, that it presses on with its work, and that we take the further steps in the other resolutions, to which I now turn.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): I want to understand what the right hon. and learned Lady just said. The first amendment—

[Mr. Douglas Hogg]

amendment (j), which is in the name of the Chairman of the Standards and Privileges Committee—in effect postpones consideration of the motions until after the report of Sir Christopher Kelly, and rightly so. Does she accept that if the amendment is carried, the question should not be put on any of the other motions, because all the matters in the other motions are covered by the remit of Sir Christopher Kelly?

Ms Harman: Let me just clarify to the House: we propose to accept, and not put to the vote, the amendment in the name of the Chair of the Standards and Privileges Committee, because it endorses the Kelly inquiry, and I think that it is important for the House to endorse that inquiry. The three issues raised in the rest of the motion, which is deleted by the Chair of the Select Committee's amendment, are about linking allowances to attendance, transparency and value for money for the public. Christopher Kelly has already said, in his consultation paper, that he will take those issues forward in his inquiry. That being the case, and as the motion was only an opinion, I do not think that it is necessary to put the amendment to the vote. We will accept the amendment. The first motion will therefore be important, because it means the whole House, I hope, endorsing the Kelly inquiry. I do not agree with the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg); there are actions that we can and should take now. We have further motions on the Order Paper today, with which I would like to press forward.

Alan Duncan (Rutland and Melton) (Con): We seem to be treading rapidly into the realms of complete and utter lunacy. If the right hon. and learned Lady wishes, very sensibly, to accept the amendment in the name of my right hon. Friend the Member for North-West Hampshire (Sir George Young) and his colleagues on the Standards and Privileges Committee—it seems to be the view of the House that it should be accepted—it will be binding on the House; it will be part of a resolution. In that case, logically, everything else would fall, and we would leave everything to that Committee.

Ms Harman: As I argue for each of the motions in turn, I intend to explain to the House why I think that it can and should take action on each motion now.

Several hon. Members *rose—*

Ms Harman: I ask hon. Members to bear with me and listen to my argument. Of course they can decide—

Sir Patrick Cormack: On a point of order, Mr. Speaker. It seems that this is—

Mr. William Cash (Stone) (Con): A car crash.

Sir Patrick Cormack—not a car crash, but a point for Mr. Speaker. We have just heard that the Leader of the House is to recommend that the House, without a vote, endorse an amendment that says that Sir Christopher Kelly's report should be waited for. She went on to say that the House should, in effect, pre-empt Sir Christopher's decisions in a number of particulars. Surely that is inconsistent, and surely all the other motions are predicated on the amendment that is to be carried.

Mr. Speaker: I am grateful to the hon. Gentleman for his point of order. I do not regard motions 2 to 6 as directly contingent on motion 1, or in direct contradiction to it. *[Interruption.]* Order. Let me speak. As a result, motions 2 to 6 can be moved if the Government so wish. The motions are a separate series of propositions on which the House can decide. If the motions are moved, that is what will happen.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Further to that point of order, Mr. Speaker. In the light of the clarification in your ruling, it would be open to the House, having agreed to amendment (j), to realise that it could give effect to an equivalent amendment for all the other motions by simply defeating the remaining motions, would it not?

Mr. Speaker: That is correct.

Ms Harman: Of course there would be—

Sir George Young (North-West Hampshire) (Con): Will the right hon. and learned Lady give way?

Ms Harman: Let me just press on with my argument, if I may. [Hon. Members: Give way.] All right; I give way to the Chair of the Standards and Privileges Committee.

Sir George Young: I am grateful to the right hon. and learned Lady for giving way, and for agreeing to accept my amendment before I even made my speech on it. However, from what she says, it sounds as though it is a pyrrhic victory, because even if the amendment is to be carried, she invites the House to make conclusions. My Committee could not have been clearer: we wanted the House to defer its conclusions until after Sir Christopher Kelly's committee reported. We tabled exactly the same amendments to all the other motions, so that there could be no doubt whatever about our intentions. I have to say that it sounds somewhat inconsistent to accept the amendment and then plough on as if it had not been accepted.

Ms Harman: The right hon. Gentleman's Committee has tabled amendments saying that we should not go ahead now to deal with the question of outer-London Members' eligibility for the additional costs allowance—to take action now on them. [Hon. Members: "No!"] Look, let me just get on with my argument—*[Interruption.]*

Mr. Speaker: Order. Let the Leader of the House speak. She has said that she has accepted an amendment from the right hon. Member for North-West Hampshire (Sir George Young). Usually, people are pleased when the Government accept an amendment. It seems that there is a displeasure in some quarters, but I have made the ruling and what I have had to say is quite clear. Let the right hon. and learned Lady speak, because she is not the only one who wants to speak today.

Ms Harman: Other Members will have an opportunity to speak, and all Members will have an opportunity to vote; I just want to have an opportunity to set out why I argue that we should press on with the action that is identified in the other motions.

The next motion, motion 2, would mean that from April next year there would be no distinction between Members from inner and outer London. All Members representing constituencies within 20 miles of Westminster would be treated as London MPs. The 20-mile limit is drawn from the Green Book. Whatever the Kelly report recommends on the additional costs allowance, I think, and I invite the House to decide now, that the distinction between inner and outer-London Members is no longer sustainable. Whatever the Kelly committee's proposal is to deal with the extra costs of constituencies outside London, and the proposal will then be debated in the House, we ought to decide now that all London MPs—inner and outer-London MPs—should be treated the same. In that case—

Several hon. Members *rose—*

Ms Harman: I shall not give way any more. Members might—*[Interruption.]* No. Members will have an opportunity to disagree with my argument in their own speeches, but I ask them at least to give me the opportunity to set out why I think that we should take that action now.

In that case, I think—

Alan Duncan: Will the right hon. and learned Lady allow just one intervention?

Ms Harman: The hon. Gentleman has already intervened once.

Alan Duncan: Will the right hon. and learned Lady give way?

Mr. Ian Taylor (Esher and Walton) (Con): Will the right hon. and learned Lady give way?

Ms Harman: I shall give way.

Mr. Speaker: Order. Is the right hon. and learned Lady giving way to the shadow Leader of the House?

Ms Harman: Yes.

Alan Duncan: I am very grateful to the right hon. and learned Lady, because I know that she is under a lot of pressure from all parts of the House. On the logic of her position, however, the first motion talks about Members' allowances in general, refers to

"any new arrangements relating to Members' allowances",

and is, therefore, a complete, all-embracing point about allowances in general. So if the reference to allowances in general is referred to Sir Christopher Kelly's committee, surely it is only logical and honest to say that the other motions should be dropped.

Ms Harman: As I have said, whatever the Kelly report recommends on the additional costs allowance, we should decide now that the distinction between inner and outer-London Members is no longer sustainable. The House will have a chance to vote on that, and, in that case, I think it only fair that our outer-London colleagues know that they will be put on the same footing as us in inner London, so that they have time—until April next year—to make changes to their arrangements if they need to. So we should get on and make that decision.

There is also an issue in respect of the accommodation allowance for those Ministers—currently the Prime Minister and the Chancellor—who use London grace and favour accommodation.

Mr. Ian Taylor: On a point of order, Mr. Speaker.

Mr. Speaker: Order. I notice that the hon. Gentleman—please have a seat while I am standing—wanted to intervene and has now gone from seeking an intervention to seeking a point of order. I hope that it is a proper point of order.

Mr. Taylor: Mr. Speaker, is it in order that the Leader of the House goes through an explanation without giving way to somebody who is personally affected by the measures? An explanation between us might well clarify the situation.

Mr. Speaker: It is a debate, and the hon. Gentleman can always seek to catch my eye and put his particular case to rebut what the Leader of the House has had to say.

Ms Harman: I was dealing with the question of grace and favour accommodation. The Prime Minister has already decided that no Minister using grace and favour accommodation in London will be able to claim the accommodation allowance. That will be done by amending the ministerial code and will be effective from 1 July. There are mechanisms for complaints about a breach of the ministerial code, so such complaints would not be on the same track as other complaints about allowances.

The third motion would, by requiring Members to declare all their earnings from outside employment, enable the Kelly review to make its proposals about outside employment with full knowledge of its extent. I believe that the motion is necessary to assist the Kelly committee. An amendment proposes that there would be no need to register the amount of time a Member spends earning money on outside interests, but I think that, if the public elect a Member, they have a right to know how much time that Member devotes to making money rather than to representing their constituents. So I am not minded to accept the amendment.

The motion would help Sir Christopher to make decisions about outside interests in the full knowledge of their extent; otherwise, he would be asked to make decisions without fully knowing about outside interests because they would not be fully registered. If the House agrees with the motion, however, everything will be out in the open and he will be able to make recommendations, having been put fully in the picture.

The fourth motion is about our staff. The reality is that the staff allowance is nothing to do with our salary; it is to pay our staff. Yet because it is accounted for as part of our allowance, the public see it as part of our pay, which it is not.

Several hon. Members *rose—*

Ms Harman: I shall give way to my hon. Friend the Member for Sheffield, Heeley (Meg Munn).

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I thank my right hon. and learned Friend for giving way. I am extremely concerned about that issue, because a range of employment legislation refers to the relationship between an employee and an employer. It would be much better if the matter were fully investigated before the House expressed an opinion; otherwise, we may end up saying that a Member's staff should be employed by somebody completely different—without our being fully aware of the situation's implication either for those staff or, indeed, for the Member.

Ms Harman: Many points of detail need to be addressed, and that is why motion 4(2) states:

"That the House of Commons Commission shall consider this decision and make recommendations for its implementation, including any transitional provisions".

Andrew Miller (Ellesmere Port and Neston) (Lab): *rose—*

Mr. Gordon Prentice (Pendle) (Lab): *rose—*

Clive Efford (Eltham) (Lab): *rose—*

Ms Harman: I shall give way once more, to my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller), and then I must get on with my speech.

Andrew Miller: Will my right hon. and learned Friend assure me that, after the inquiry, there will be proper consultation with all staff representatives, and that the results of that consultation will be available to the House before the matter returns here and we make a decision on it?

Ms Harman: I shall give that assurance, and the Deputy Leader of the House has already begun meetings with the various staff associations and the trade unions.

Motion 4 would allow the House to express the view that Members' staff should be employed by the House, while ensuring that we would appoint and manage them, and would ask the House of Commons Commission to look into how that could be done. It would help us to move towards a prompt change in the arrangements if the Commission could get to work on the practical issues alongside the Kelly inquiry.

Motion 5 would provide that, in respect of all claims where documentary evidence is required, there should no longer be a £25 cut off. There would need to be receipts for all claims. I really do think that that is something sensible which we could decide for ourselves now.

Finally, motion 6 would allow the Members Estimate Committee, which already has the power to amend resolutions of the House, to amend the Green Book. It has been a great concern for us to see the reputation of the House suffer over the issue of our allowances—*[Interruption.]*

Mr. Speaker: Order. It is best not to shout the right hon. and learned Lady down, because then what happens is that when the shadow Leader of the House stands up, there is more shouting, I do not want that. This is a debate, and people should be allowed to be heard.

Ms Harman: We all know that much of the criticism that has been ladled out to everybody has been simply unfair, but we can and should respond with sensible actions. Today, we have the opportunity to make a number of changes and to support the Kelly inquiry. I am sure that the public will understand that the Kelly committee will need some time to deliberate, but they will also expect us to take action now, where we can. We all have a responsibility to ensure that we support the steps necessary to protect the reputation of Parliament and reassure the public.

Several hon. Members *rose—*

Ms Harman: I am concluding my comments.

I hope that we can do as much as possible today by agreement. It would be good if the public could see that we are able to discuss these issues in a way that is calm and measured, and looks to defend the public interest. We all want the reputation of the House to be restored; today is an opportunity to make a start on that. If the House does as we ask, we will have endorsed the Kelly inquiry, sorted out the outer-London allowances, ensured that all claims are backed with receipts, ensured that the public can see all MPs' outside earnings, and taken steps to ensure that it is clear that our staff are employed on parliamentary business. That will all go some way to restoring the public confidence that this House needs and, I believe, deserves. I commend the motions to the House.

1.31 pm

Alan Duncan (Rutland and Melton) (Con): We are living in very feverish economic and political times. At a moment like this, the House can either look absolutely absurd or lift its level of debate and discussion to something that properly understands what this place should be. The boot that is on one foot at the moment can, in due course, change, and the balance of advantage in this place changes with it. We must therefore appreciate that this Parliament needs to work through those changes and set standards to which everyone will adhere.

We are a representative democracy. We are elected here to do our public duty, but we are also private individuals. We do not have a presidency—we have a Parliament. Those who say, "Look, the Senate can exist with 100 people and the House of Representative with 435", or whatever it is, forget that it takes a billion quid to be elected President. Yet it is from our Parliament that all our Ministers are drawn. We are the pool of talent from which the legislation is made and from which the Executive are formed. That is how we are, and it means that this place has to work to accommodate both those needs.

In the midst of all this—inevitably, as in all politics—is the conflict between personal interest and public duty. A lot of people misunderstand what interest is—it is not just being interested in something but being linked to it and perhaps able to influence it. In this House, the real influence, or interest, of the Back Bencher is very limited. The Back Bencher has power only if he or she acts collectively. It needs to get to the point where either the ayes have it or the noes have it. But Ministers, who take executive decisions, can change things with a stroke of their own individual pen, and therefore need different rules.

We do need rules for how we behave and for how we handle money. In my view, the rules must be fair, they must be lasting, and they should not in any way be based on partial political advantage. We have a conflict, perhaps, between not being corrupt and not turning this place into somewhere that is so over-sanitised that we become merely robotic fodder. This House recently set out a whole new book of rules. On page 5, it says that they are rules that

"should be designed to last for the lifetime of a Parliament and not changed midterm."

They only came into effect on 1 April, and now it is the thirtieth.

In the past, we have had problems with how our remuneration—our package of reward—is shaped. On the last occasion when there was this sort of fever, the then Prime Minister, now Sir John Major, set up the Committee on Standards in Public Life. Lord Nolan, to whom I spoke often—he is about 6 ft 6 in, so it was quite hard work—set out some original principles designed to govern us for a very long time. Frankly, some of those principles have gone wrong, particularly at a local level where local and parish councillors feel that they can hardly express an opinion without having to withdraw it; that has become absurd and needs review. However, the principles set out to govern us still endure, and we should not forget what they were.

There is another problem with our salaries and allowances. In the past, because no one quite dared make the stand that was perhaps necessary to protect this House as we would all wish, it was decided instead to disguise them. I mean no embarrassment to the right hon. Member for Rotherham (Mr. MacShane) by quoting what he said in the *Evening Standard* today; in fact, a lot of people will agree, even if they do not say it so baldly. He said that the Prime Minister—frankly, I think that this could apply to all Prime Ministers—

"refused to accept any of the pay awards made by the independent salary review bodies...For short-term headlines as the man who kept down the pay of politicians, he stored up deep resentments as MPs turned to the allowance system to live decently in both constituency and London."

Lembit Öpik (Montgomeryshire) (LD) *rose—*

Alan Duncan: I will give way, but I will not do so very often because so many Members want to speak.

Lembit Öpik: I am grateful to the hon. Gentleman for giving way in the course of his reasoned and interesting speech. In line with his call to courage, has he considered the case for doing away with the expenses system altogether—bar travel, which has to exist as an expense—and allowing an independent salary review board to consider what salary would be reasonable for us if those other expenses were abandoned? I accept that there are people in the Chamber who do not agree with that, but I am asking whether he has considered it, and the Kelly review should be encouraged to do so too.

Alan Duncan: Let us be honest: many models could be advocated, one of which is completely to do away with the second home allowance and pensions, increase MPs' salaries, and let us sort it out for ourselves. However, anyone who was brave enough to propose such an increase in salaries at the moment would be likely to walk into a firing squad.

John Bercow (Buckingham) (Con): What my hon. Friend quoted from the comments of the right hon. Member for Rotherham (Mr. MacShane) in the *Evening Standard* is doubtless true, but I hope that, in a public-spirited and cross-party way, he will be willing to concede that what is said of the Prime Minister's attitude has also been true of previous Prime Ministers, and it is also true—this is absolutely critical—of current party leaders. As long as these matters are driven by people who have inherited or earned wealth, or much higher salaries than those of Back Benchers, it will be difficult to make progress other than by an independent review.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op) *rose—*

Alan Duncan: Hold on—I have to answer my hon. Friend first.

I think that if my hon. Friend studies the record, he will see that I attributed the same difficulty to former Prime Ministers.

Mr. Sheerman: I have been in the House for somewhat longer than the hon. Gentleman. Does he agree that the problem has been the cowardice of successive Prime Ministers in failing to take the recommendation of an independent body, face it up with the public and in this place, and give the award that was recommended? Unless an independent body makes the judgment and we accept it without any qualification, we will never free ourselves from this tawdry debate.

Alan Duncan: That is the crux of the whole argument about whether we should determine our own remuneration and allowances or contract it out. Crucially, in deciding one way or the other, we should not have one foot in and one foot out and be for ever chopping and changing by contracting it out and then calling it back in again. That, I think, is the crux of the argument that might emerge today.

I shall canter on, if I may, in order not to delay the House too much. The honest truth is that scrutiny of our expenses has intensified, because that is the way of the world, but the model that is being scrutinised was designed for salary rather than for genuine allowances. That is unacceptable in the modern age. We have to set higher standards, but we have to do so honestly and openly.

Sir Alan Beith: Will the hon. Gentleman give way?

Alan Duncan: No. Oh, it is the right hon. Gentleman—of course I will. I beg his pardon.

Sir Alan Beith: I am grateful to the hon. Gentleman, not least for that kind recognition. I hope that he will not use quite the language that he just has, because it implies that a great many hon. Members claimed allowances not because they were justified for costs that they were incurring but in order to augment their income. I am sure that I speak for a great many Members who have honestly and always claimed only those amounts that were necessary to reimburse the costs that they have incurred in carrying out their duties.

Alan Duncan: I fully accept what the right hon. Gentleman says, and I am grateful to him for correcting me. I hope that what he has said will be understood not just by the House but by those who observe our proceedings.

[Alan Duncan]

We should appreciate that as of 1 April there is a much stricter regime for this House, basically requiring all receipts. We are also introducing a regime of audit and assurance. I chair the Members Estimate Audit Committee, and we are making very significant progress and ensuring that all the standards that we set are akin to those of any public body or the most strictly regulated plc. That is what we should strive for.

Mr. David Winnick (Walsall, North) (Lab): In the 34 years that I have been here, never once has it been suggested to me, by the Whips or by anybody else, that expenses or allowances—call them what we will—should be part of my salary. If anyone had suggested that, I would have told them where to get off. When I sign a form each month for allowances, I do so on the basis of money that has been spent. Otherwise, I would be a thief and totally dishonest.

Alan Duncan: I will not go into all the details, but looking back over the years, the hon. Gentleman will appreciate that at the start, the second home allowance was often just paid once a month without receipts, which is an unacceptable system in the modern age.

It is quite clear that as time has gone on, we have moved gradually, intermittently and sometimes contradictorily between setting our own terms and giving the responsibility to another body. I believe that it is right that we should not set our own terms and conditions. Indeed, the Prime Minister believed only a few weeks ago that the current issues should be referred to the Committee on Standards in Public Life. So it was that he wrote to the chairman of that committee on 30 March. It is now only a month later—30 April—and things seem dramatically to have changed.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) and members of his Committee have tabled an amendment suggesting that everything should be referred to the committee chaired by Sir Christopher Kelly, and the Leader of the House has now said that she is prepared to accept that. I shall come to the procedural consequences of that in a moment, but that committee, the successor to the Nolan committee, is empowered to look into all these things. So, in quantum rather than in principle, is the Senior Salaries Review Body, which is examining our pay and pensions. Those bodies are best equipped to come up with a conclusion and a clear overall picture.

I introduce a small element of caution. All hon. Members will have received notification from that committee about the basis on which it intends to conduct the review. It states at the beginning that it has to do "what the public want". To be fair, that is part of a longer sentence that says more besides, but the whole point of that committee is that it should set itself above the fever and anger of the day-to-day world and embrace the highest possible principles that should govern our proceedings. It is the Committee on Standards in Public Life, not the committee for public opinion on public life.

We have seen a lot of political goings-on over the past few days, and I do not want to score political points and make—[HON. MEMBERS: "But—"] No, there is no "but". I am going to examine the motions. Motion 1 is an all-embracing statement of principle that talks about allowances in general. Based on his amendment, my right hon. Friend, the Chairman of the Standards and Privileges Committee, says that we should defer our conclusions, and he means that in the plural and overall. Having heard your ruling, Mr. Speaker, I can accept that our procedures allow for votes on the other motions that will follow, but let us be honest—if that amendment is accepted and we then go on to vote on all the other motions, the House will look absolutely absurd.

I note that there is nothing about grace and favour homes, and the motion on London is clear and the debate familiar. On financial interests, I have referred to what I think should be the overall governing principles, but the mood of the day is the mood of the day. But let us admit it—timesheets are absurd. The Leader of the House lives a very busy life. She is also the deputy leader of the party, chairman of the Labour party, the Minister for Women and Equality, the Lord Privy Seal and the Member of Parliament for Camberwell and Peckham. I would love to see her timesheets. The notion that in life and in the modern world of work one can keep timesheets—let us face it, they are designed for one thing only, which is the subsequent embarrassment of those who have to publish them—will not do much good for us or anybody. If someone is seen to earn a lot of money from a company and work a few hours, everyone will be phoning up the company and asking, "Why do you employ this person at such a rate?" If anyone is getting a little bit of money for a large number of hours, they will be asking, "Why isn't that person a full-time MP, and why are they earning tuppence?"

Clive Efford: Will the hon. Gentleman give way?

Alan Duncan: Will the hon. Gentleman forgive me if I do not? I want to race on and let others speak.

A much bigger issue is staff. I am very perturbed by what I sense to be the concern of all our staff about what the proposal would mean. It is not entirely logical that everything that is thought to be wrong with who employs whom, and what their employment contract is, would automatically be solved by creating a massive human resources and personnel department in the House of Commons. The Leader of the House says in one motion that we have to cut the cost of politics. I have seen, and the House will know, how much it costs to publish 1 million redacted receipts. If on 1 July, or whenever, 3,000 contracts suddenly have to be transferred to the House of Commons, the resource implications will be absolutely massive. I know that the Deputy Leader of the House is assiduous in ensuring that he knows what is going on in all the highways and byways of the parliamentary estate, and with its people and premises and so on. He went to a meeting with staff yesterday, and I think that he would readily admit that the tone surrounding what they thought might be in prospect was not a happy one.

Angela Browning (Tiverton and Honiton) (Con): As I am retiring, I have obviously had several telephone conversations with the Department of Resources in the past week. My staff have an expectation of what their status will be and what will happen to them at the end of this Parliament. In talking to the Department of Resources,

I found that the fact that it would become the employer of nearly 2,000 people means that its status would be very different from ours. We are small employers of two, three or four people. It will have to take into account a whole range of matters such as equal pay, which will require a large HR department.

Alan Duncan: My hon. Friend has a lot of experience in employment matters, and that is the basis of the experience that she has brought to the House. It is the sort of experience that this House will need in future if we are going to be any good at what we intend to do.

Dr. Nick Palmer (Broxtowe) (Lab): Does the hon. Gentleman not agree that if we defer the question of fair, direct employment of staff and allow the continuation of the fiction that we are passing £130,000 through our own pockets, because we think that it would be bureaucratically inconvenient, the public will feel that we have not taken their concerns seriously?

Alan Duncan: If the hon. Gentleman wishes to base decisions that affect people's lives on what he describes as a "fiction", rather than the facts that matter, I am afraid that I fundamentally disagree with his approach to politics and decisions.

The crucial amendment on which we will vote at 5 o'clock is (j), which would defer everything until the Committee on Standards in Public Life has reported. I sense that the mood of the House is that it should be accepted. If the Government have said that they accept it, it is more likely than not to go through, unless they change their mind again. We are experiencing the control of everything in the House by the Executive, who are in some difficulty. We simply say that we do not want to score political points, but we want the House of Commons to work in the long term. We also want to ensure that a feverish shambles does not become an even greater shambles. The option in the amendment, which the Government now support, is to defer everything, and not make piecemeal changes. Although those changes were said to be an interim solution, they are not, because "interim" does not appear in anything before us today. Three hours' debate in the current political climate is no basis on which to make lasting changes.

I leave as much time as possible for Members to contribute, but I hope that they understand the importance of their vote at 5 o'clock.

1.51 pm

Sir Stuart Bell (Middlesbrough) (Lab): I am grateful for the opportunity to speak early in the debate and to follow my right hon. and learned Friend the Leader of House. I also speak as a member of the House of Commons Commission and of the Members Estimate Committee.

I welcome my right hon. and learned Friend's graceful approach in accepting the amendment. That was sensible, and fitted the tone of the documents, which I have read carefully, that Sir Christopher Kelly issued. It was appropriate for the Prime Minister to write on 23 March to Sir Christopher Kelly and the Committee on Standards in Public Life to request an inquiry into Members' allowances. The Members Estimate Committee, assisted by the hon. Member for North Devon (Nick Harvey) and the right hon. Member for Penrith and The Border (David Maclean), conducted a six-month inquiry last year. As has been mentioned, the Senior Salaries Review Body held a review, which lasted a year. The House did not accept its conclusions and recommendations, just as it did not accept ours last year. The point has been made—perhaps more flamboyantly than I would make it—that no Prime Minister since Edward Heath has accepted a recommendation from a Senior Salaries Review Body about Members of Parliament's salaries.

The question of staff has been raised. Last year, the Members Estimate Committee considered what would happen to our staff if they became House of Commons employees, and its two-volume report includes a large section on that. As the law stands, any member of staff who becomes a member of the staff of the House of Commons also becomes a member of staff of the Commission, and cannot be a political servant or can be only politically neutral. Any change in that procedure would require a new unit and possibly legislation.

John Barrett (Edinburgh, West) (LD): Would that mean that, following a general election, it would be the House's responsibility to redeploy those members of staff whose former employers had lost their seats?

Sir Stuart Bell: That is a pertinent point. The Leader of the House said that the House of Commons Commission would examine the matter carefully between now and 29 October. My right hon. and learned Friend was asked whether it would take evidence and representations. I assure hon. Members that, under the chairmanship of the Speaker, the Commission will consider every aspect, take evidence and receive submissions before the matter comes back to the House after 29 October.

Angela Browning: I hope that the House of Commons Commission will also avail itself of a lawyer experienced in employment law. When we heard that the change was originally to be made on 1 July, it showed that the Government clearly had no idea about the legislation that they had created or the rights of employees.

Sir Stuart Bell: The hon. Lady makes a valid point. We have examined proper advice on employment law and we will do that again. However, I assure hon. Members that the most complete analysis and investigation of that serious matter will be undertaken. Members of the Commission, under Mr. Speaker's chairmanship, are well aware that 2,000 members of staff work for Members of Parliament inside and outside the House, and their interests need to be taken into account.

Lembit Öpik: The hon. Gentleman is obviously experienced in such matters. Is there no way of maintaining the arrangements broadly as they stand, while altering the way in which the money is reported and accounted? The problem is not the way in which we employ our staff, but that the public are misled into believing that the money comes to us, rather than to our staff.

Sir Stuart Bell: The hon. Gentleman's point touches on what the shadow Leader of the House said. There is a perception in the public domain that the salaries of Members of Parliament's secretaries and assistants are part of our income. I was on a TV programme with Andrew Neil, who said to the right hon. Member for Banff and Buchan (Mr. Salmond), "You've spent £133,000

[Sir Stuart Bell]

this year. How did you do that?" The right hon. Gentleman replied that most of it was spent on salaries. Conveying that message is one of the impossibilities that we are currently experiencing. That is one reason for the Government's proposal. However, when considering our staff, we must be careful that we do not throw the baby out with the bathwater.

Meg Munn: My hon. Friend's comments are helpful and I believe that the Commission's work will also be helpful. Does he not agree that it seems strange for us to be asked today to express an opinion before the important work has been done?

Sir Stuart Bell: My hon. Friend makes her point, which is a matter for the Government, not me as a member of the House of Commons Commission. I simply say that, between now and 29 October, staff salaries and their relation to Members of Parliament will be carefully considered.

Anne Main (St. Albans) (Con): Is the hon. Gentleman seriously basing his argument on the fact that we cannot convince the public? According to him, they are too dim to understand. However, we remunerate our staff for the job that they do; it is nothing to do with money coming into our pockets. Do we genuinely intend to alter the lives of our staff and all those who work for us simply because of a perception?

Sir Stuart Bell: I always enjoy hearing the hon. Lady, but history gets rewritten quickly. If she reads *Hansard* tomorrow, she will realise that I did not say what she claims.

Andrew Miller: Will my hon. Friend reinforce on behalf of the Commission the assurance that the Leader of the House gave that, as part of the process, the Commission will engage with and take evidence from representatives of our staff in their various guises and ensure that that evidence is reported properly to the House before any decisions are made?

Sir Stuart Bell: I assure my hon. Friend that no decisions will be made without a full review by the House of every aspect of the evidence.

Several hon. Members *rose—*

Sir Stuart Bell: I have only 10 minutes to spend on the subject and I should like to make some progress.

The shadow Leader of the House mentioned the Green Book and that it is only a month old. The Green Book is a book of principles and governance and it carefully states what we are doing about governance and audit. The hon. Gentleman knows that we held a meeting yesterday about audit, which is a significant part of our allowances and how they are supervised. The Members Estimate Audit Committee, which is chaired by the hon. Member for Rutland and Melton (Alan Duncan), comprises hon. Members. Three outside independent members also advise the House accounting officer. We also have the Comptroller and Auditor General and the National Audit Office, with overall audit of the accounts and processes. There will soon be an operational assurance unit, managed separately from the section in the Department of Resources, which will administer payments. The unit's role will be to give advice to Members and to ensure compliance with the rules and the maintenance of standards.

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): Does my hon. Friend accept that hon. Members' staff do a fantastic job on a day-to-day basis, sometimes in difficult circumstances? Does he think it fair that we should be transferring staff to the House without any consultation with them? What assurances and guarantees can he give that their salaries, bonuses and redundancy payments will not suffer?

Sir Stuart Bell: My hon. Friend makes a point similar to that which the Opposition made earlier about the anxiety among staff, even if we have a general election and there are changes in the membership of the House, about what would happen to them. As I am indicating, at this moment in time, anyone who becomes a member of the House of Commons staff or the House of Commons Commission is politically neutral. Hon. Members on both sides of the House will need to look at that issue, which is also one that we will look at carefully.

Hugh Bayley (City of York) (Lab): On a couple of occasions I have asked the hon. Member for North Devon (Nick Harvey), who answers questions on behalf of the House of Commons Commission in the House, whether it would be possible for our staff to join the pension scheme for House staff. When my hon. Friend is looking into the pros and cons of transferring staff across to the House of Commons, will he look into their pension entitlement, too?

Sir Stuart Bell: My hon. Friend has hit on an important point. Not only is there the question of transfer; there is also the question of pensions and pension rights, which is a major matter that we will need to consider.

Alison Seabeck (Plymouth, Devonport) (Lab): I thank my hon. Friend for giving way and value his experience in this place. However, can he please tell me and the House whether consideration has been given to whether staff contracts, which are quite different from each other in many cases, will all need to be renegotiated under the proposal that our staff cease to be employed by us and become employed by the House authorities instead?

Sir Stuart Bell: My hon. Friend makes an important point.

Meg Munn: TUPE.

Sir Stuart Bell: My hon. Friend the Member for Sheffield, Heeley (Meg Munn) makes another point, from a sedentary position, which I have already made to the authorities. There is such a thing as TUPE—the Transfer of Undertakings (Protection of Employment) Regulations 1981, which we passed through this House many years ago. As we can see, the consideration of the anxieties of staff is extremely important.

Judy Mallaber (Amber Valley) (Lab): Can my hon. Friend give an assurance that the many hon. Members who, like me, supplement their staffing allowance by transfers from, say, the incidental expenses provision or their own resources will still be allowed to do so in future?

Sir Stuart Bell: My hon. Friend makes an important point about the transfer from the incidental expenses provision to salaries, which is also one that we may look at.

Mr. Jim McGovern (Dundee, West) (Lab): On the subject of consultation, when my staff heard about the proposal last week, I had to admit that it was sprung on me. They said, "How were you going to consult us?" I said, "Well, I don't know, because I don't know enough about it." I still do not know at what stage my staff will be consulted or whether it will be me or someone else who consults them. On the employer-employee relationship, according to the proposal, I will still be allowed to hire and fire. If I am still allowed to hire and fire and the employee goes to a tribunal, will it be me or the House who will respond?

Sir Stuart Bell: I have been talked out on the Floor of the House. This is a debate of the utmost importance—constitutionally, for this Chamber and for Members of Parliament. We belong to the future, as well as the past. We must remember that point, because it is extremely important—a sovereign people and a sovereign Parliament.

2.4 pm

Mr. David Heath (Somerton and Frome) (LD): The hon. Member for Middlesbrough (Sir Stuart Bell) is absolutely right: this is a debate of great constitutional and practical importance. Unfortunately, it more resembles a Whitehall farce, given the way that the House has proceeded on the matter over the years—constantly debating it and giving more hostages to fortune, but never reaching resolutions that satisfactorily address some of the basic issues or give confidence to the public that the system meets the need.

Need is an important part of this debate. We should not walk away from the fact that Members of Parliament need expenses in order to do their jobs on behalf of their constituents. We need to make that absolutely and abundantly clear. Paying staff, renting offices and providing accommodation for Members of Parliament whose constituencies are a long way from London is part of the responsibility of the House, in order to enable Members to do their jobs properly.

But—and it is a big "but"—there are criteria that should apply to that provision of finance. It should be based on genuine need and provide what is necessary for right hon. and hon. Members to do their jobs as Members of Parliament, but not a penny more and not a penny less. That is a significant point. That provision needs a system that is transparent, so that the public can see that the money is being used effectively and properly. It also needs accountability and external audit that goes beyond what is available in the House, so that there is a guarantee that matters are being properly dealt with.

We cannot get away from the urgency of dealing with the issue. As I have said, it is a matter on which we have had endless debates. The public are sick and tired of us sitting in this Chamber and talking about our allowances, rather than the big problems that face this country. They simply do not understand why, if we purport to run the country, we cannot run our own affairs properly.

Clive Efford: I absolutely agree with what the hon. Gentleman has just said. Does he therefore agree we should not have to wait to be told to do what is right? Getting rid of the outer-London allowance for MPs is the right thing to do. Publishing details of second incomes that may influence hon. Members' activities in this House or how they vote is also the right thing to do in the interests of openness and scrutiny of this House. We do not need anyone to tell us how to do that; we should get on and do it now. Does he agree?

Mr. Heath: My right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) has made it clear in what he has recently published that there ought to be matters we can agree as a matter of urgency—matters that are self-evident; matters that are clear abuses of the present system that we can remove. That is why we need the twin-track approach, dealing both with the more complex issues, about which it is quite proper to ask for Sir Christopher Kelly's and his committee's advice, and with those matters which I would have hoped—although I am almost doomed to disappointment in this respect—the House could see are matters that are in our hands and which we can deal with urgently today.

That is why, although the Leader of the House has accepted the amendment standing in the name of the Chairman of the Standards and Privileges Committee, the right hon. Member for North-West Hampshire (Sir George Young), I do not take the view that we should not proceed with the other motions. We have opinions on them; nevertheless, they are matters that we can quite properly discuss in the House today.

John Barrett: Will my hon. Friend give way?

Mr. Heath: I will, but I will try not to take every intervention; otherwise I will still be speaking in 40 minutes.

John Barrett: Does my hon. Friend agree that one of the worst abuses has not been covered today, and that is the use of grace and favour homes? Expenses are there to cover additional costs. There are no additional costs for those living in Downing street and they should not be claiming for constituency homes.

Mr. Heath: My hon. Friend knows that I tabled an amendment to that effect, because I thought it was a glaring omission in today's proposal. However, that amendment has not been selected, so we cannot debate it. The Leader of the House says that her solution—the Prime Minister's solution—is to deal with the issue through the ministerial code of conduct. That is not sufficient. There should be a rule that governs the right to those allowances. The reason I say that is that the issue should be a matter about which members of the public can make complaints and which could be investigated by the Parliamentary Commissioner for Standards and, if necessary, brought before the Standards and Privileges Committee.

[Mr. Heath]

Under the Government's present proposal, it would simply be a matter for the Prime Minister. Keeping everything within the bunker at No. 10 would not be satisfactory under the rules of the House, and I therefore ask the Leader of the House to think again. If she will not do so, I will certainly make such a proposal to Sir Christopher Kelly's committee in due course.

John Bercow: The hon. Gentleman says that he sees merit in taking action on some of these issues now, notably the less complicated ones. I agree with him, and that is a view shared by a number of Members in all parties. Does he recall that, as recently as 1 April, my right hon. Friend the Leader of the Opposition said that agreement on action on a number of these issues was needed now, and that this matter needed to be sorted out?

Mr. Heath: The hon. Gentleman is absolutely right, and I am a little disappointed to sense that these matters could be left in their entirety to the committee. I regret what I take to be the current view of the Conservative Front-Bench team, because there was a sense of urgency a few weeks ago. That was clear from what my right hon. Friend the Member for Sheffield, Hallam said at the time. He put forward proposals—they might not command the support of every Member, but they have mine—to reduce the additional costs allowance to cover only basic accommodation costs such as rent, council tax and utility bills, and nothing else. There would be none of this John Lewis list or any other incidentals. That system would be clearly understood by the public, and we could act quickly to adopt it. I understand that other Members have different views, however. I also understand that the Leader of the Opposition put forward proposals of his own. They were not entirely irreconcilable with our own, and there was a suspicion that we might have reached an agreement. I shall come back to the provenance of the arrangements in a moment, because the subject is instructive about how the Government do business.

What are the concerns that the public have been expressing very loudly in recent weeks? If any Member has not heard them, they cannot have talked to many of their constituents recently, because these are real concerns. People are talking about inappropriate purchases being made at the taxpayer's expense. Whether such purchases are typical, common or fair is neither here nor there—that is what people are concerned about. They are also concerned about the abuse of definition in relation to our identifying our principal place of residence, and about the fact that, for some hon. Members, it seems appropriate to change that definition every now and then, according to the potential income involved. That gives rise to a great deal of concern. Concern is also being expressed about unnecessary accommodation, and the possibility that people are claiming for accommodation that they do not need because they have alternative arrangements of one kind or another.

The public cannot understand why we cannot deal with these issues. Frankly, I cannot understand why we cannot deal with them even under the present system, because it is clearly stated on the forms we sign every time we submit a claim that the costs have been occasioned by parliamentary duties, although that definition seems to be remarkably wide in some cases. Nevertheless, that is the question that the public are asking.

Ms Dari Taylor (Stockton, South) (Lab): I agree with everything that the hon. Gentleman has said. Every single one of us wants our expenditure to be seen to be accountable, clear and absolutely necessary. I have had incredible letters from some of my constituents about the way I am apparently spending public money. I have written back, faithfully and factually, yet those same people still write letters of abuse. Even if we state our case accurately here today, we are still not going to get away with it. There will still be a sense that we are overpaid and underworked; that is common to many people's responses.

Mr. Heath: The hon. Lady is absolutely right. It is perhaps a counsel of perfection to say that we will ever get away from that entirely. Every time we see a clear abuse of the system in the pages of a newspaper, it affects not only the person who has been named but every single Member of the House. Every Member of the House is considered to be a crook. That is unacceptable, and it is something that we have to deal with as a matter of urgency.

Given the public concern, it was nothing short of an act of genius for the Prime Minister to come up with a solution that absolutely failed to meet those concerns. The process has been quite extraordinary. As I said, my right hon. Friend the Member for Sheffield, Hallam put forward his proposals and, whether people agreed with them or not, they were real proposals that addressed the issues and would have made a real difference to the way the House is perceived. The Leader of the Opposition also put forward proper proposals. They were not identical to ours, but they addressed the same issues and tried to find a way forward. At that time, we had nothing at all from the Prime Minister.

The last time we debated this matter, the Prime Minister did nothing whatever to get the proposals from the House of Commons Commission through; he did not even bother to turn up. He showed no sense of leadership. This time, he waited until the very last moment, then reluctantly agreed, when pushed several times by my right hon. Friend and by the Leader of the Opposition, that it would be a good idea to have a meeting of the three leaders to see whether there was a possibility of consensus. Yet before that meeting, which he did nothing to arrange, had even happened, he came up with a set of proposals that had apparently been written on the back of a fag packet. He did not appear to have discussed them with members of his own parliamentary party. He put them out to the press before he even had the agreement of the Cabinet, which emerged to find them already in the public domain.

As an afterthought, the Prime Minister rang round the leaders of the other parties to try to arrange a meeting that very evening, because he thought it would be a good idea to get their imprimatur for his proposals. At that meeting, he was completely belligerent and refused to accept any amendment to his perfect proposals. And he wonders why there is no consensus! Then, last week, he made his announcement to the public in a YouTube appearance that had all the awfulness of a David Brent performance. It was quite astonishing—and this was the Prime Minister addressing an issue that affects the House in an extremely important way.

The Prime Minister proposed an attendance allowance, but would it address the question of transparency? No. It would provide cash in hand with no accountability. Would it be related to real costs? No, because it would be given to every single Member of Parliament, irrespective of their needs or arrangements. Would it even be workable? No, it could not have worked within the present arrangements. The Prime Minister failed to understand that, in proposing a system that already exists for the European Parliament—doesn't it work wonderfully there!—he was proposing that the gravy train of Europe should come to Westminster. Incidentally, that also happens at the other end of the corridor. We hear apocryphal stories of noble Members leaving the Rolls-Royce running outside while they nip in to sign in, before going home having claimed their allowance for the day. Is that the system we want? No. That is why it had to be rejected. Eventually the message even got through to the bunker, and it was not put on the Order Paper today. There is, however, a vestigial reference to it in motion 1—I will return to that in a moment—because the Prime Minister can never be completely gainsaid. He must have his way, so if he cannot have it through a vote in the House, he must find an alternative.

Let me go through the matters for consideration. The grace and favour issues are not there, and I have explained why that is wholly unacceptable and should be remedied. I hope that the House can agree to some motions—our motion 6, which is a technical motion, and motion 5 on evidence of expenditure, which adds to transparency and accountability.

Motion 3 deals with the registration of interests. I know that that matter is a bit difficult, but it is a basic principle. I have thought about the questions that it has been suggested would arise. Whether people are being paid far too much for too little in their outside employment or are spending too long at their outside employment are legitimate questions to ask Members of the House. If they are not full-time Members of the House, what are they doing with their time? How does their loyalty to their constituents square with their loyalty to their shareholders or employers?

Mr. Hogg: I take that point, and as the House knows, I practise as a barrister and am sometimes in court. I always declare that fact, my constituents know it, and it is in the register. What possible objection is there to that?

Mr. Heath: There is no objection, but it is a matter of transparency—[Hon. Members: "Yes, there is."] There is no objection within the rules of the H[illegible]s presently constituted. However, our constitu[illegible]led to know how we apportion our time and the extent to which we are prepared to provide our time for their benefit rather than for our own. That is the question.

Mr. Sheerman: I have been listening carefully to the hon. Gentleman's speech, and when he started I thought that I would be on his side. However, he is making me angry, because he has said not one good thing about the work—the hard work—of parliamentarians on both sides of the House, in Committee and in constituencies. I share the criticisms, but, for goodness' sake, cannot someone on the Opposition Benches get the balance right rather than picking up every negative comment, and say something good about the House—about the all-party aspects, the hard-working, good legislators, and the work in Select Committees? Come on, please say something good about our colleagues.

Mr. Heath: Clearly the hon. Gentleman was not listening to what I said. If he is not prepared to listen, I find it difficult to answer him.

Motion 2 deals with Greater London; surely we can go ahead with this necessary reform. I do not claim exclusive credit for my party colleagues, but I am pleased that not a single Liberal Democrat Member who serves a Greater London constituency claims the allowance. Those Liberal Democrat Members can commute perfectly happily within London, and it is not unreasonable to expect other Members to do so. I notice that the starting date in the motion has been changed by the Leader of the House, to give a little more leeway. We do not need to wait for a transparently appropriate measure to be introduced. The measure is already in place for central London, and it is an anomaly that it did not extend to the greater metropolis.

Mr. Ian Taylor: The Kelly committee may come to the conclusion that the hon. Gentleman has just outlined, but the matter is being imposed in isolation. Those Members, including me, as I fully declare, who have never been in London, and whose constituencies are in Surrey—the old border of my constituency went down to Guildford—have suddenly been lumped in, without any consultation about the impact on us. I have served for 22 years, and I speak on behalf of all the other Members on a cross-party basis. The matter should not be imposed without full consideration.

Mr. Heath: The number of parameters to consider is not enormous, and I notice that the Leader of the Opposition accepted the proposition at an early stage. The hon. Member for Esher and Walton (Mr. Taylor) will disagree and vote against it, but the proposition is properly put forward.

Motion 4 is very significant, and many Members have made interventions on the matter. There are arguments for putting members of staff directly on the payroll of the House of Commons, but there are many imponderables, and many serious questions need to be asked about the process. Sadly—I will upset the Chairman of the Children, Schools and Families Committee again—some Members do not behave as we would wish in their employment of their staff. There are some mill owner MPs who exploit their staff, who might be extremely grateful for the protection of the House. Equally, however, there are issues about transfer of staff, about what happens at the dissolution of a Parliament, and about pensions. The hon. Member for City of York (Hugh Bayley) is keen on a move to the House of Commons pension scheme, and I understand that entirely, but a huge cost is involved in that, and the House must be aware of that cost—I think that it would double the House of Commons pension bill. Given that we are talking about savings in this context, we really ought to be aware of that before we agree to his approach, and issues relating to the political restrictions that might apply would need to be addressed before we could make progress.

Hugh Bayley: Does the hon. Gentleman really believe that it is fair, just and sustainable that the staff of the House, who provide a very good service to us, are in a public sector final salary pension scheme with a notional contribution by the employer of about 25 per cent. of

[Hugh Bayley]

earnings, whereas our staff are entitled to join only a stakeholder scheme, which provides considerably poorer benefits and whereby they get only 10 per cent. of their salary paid in by the employer?

Mr. Heath: Serious questions need to be asked about that and about the whole of the public sector's pension schemes. The hon. Gentleman knows that Liberal Democrats have very serious concerns about the sustainability of public sector pensions as a whole, including those of Members and servants of this House. All I am saying is that one cannot sign a blank cheque for a very large sum without understanding the consequences. May I say to Labour Members who are very concerned about this matter that that is why I have tabled two amendments to motion 4—amendments (a) and (b)—at which I invite them to look carefully?

The consequence of those two amendments would not be to remove the progress being made on this by the House of Commons Commission, which the hon. Member for Middlesbrough mentioned; it would be to ask the Commission to examine the benefits and disbenefits before it moves to implementation, so that this House does not agree to something and instruct the Commission to go ahead with it. Instead, the Commission would examine all the consequences of it, report back to the House and, on that basis, make recommendations. In the first instance, I ask the Leader of the House to accept this sensible pair of amendments, but if she does not do so, I ask hon. Members to support them, because they are a sensible precaution to take, in order to avoid yet another car crash on this matter.

That leaves me with motion 1 to discuss. We have heard what the right hon. and learned Lady has to say, and I hope that that will not remove any of the urgency that all of us identify as necessary on this. The one great benefit of accepting the amendment tabled by the right hon. Member for North-West Hampshire is that it would remove this vestigial inclusion of the requirement to take account of hon. Members' attendance at Westminster. I was going to have to ask a lot of questions about that, because if it simply meant that if a Member never attended Westminster they would not get accommodation, that would be exactly fair. If it was a per diem attendance allowance by the back door, which I suspect it was intended to be, I would be wholly against it, for all the reasons that I have indicated. It is not good enough for the Leader of the House to say that it makes no difference now, because it is already in the paper produced by the Committee on Standards in Public Life; it is there as one issue to be looked at among many. In the form in which it was presented to us in motion 1 the provision was an instruction to the Committee, which is why it was unacceptable. If we accept the amendment, that becomes redundant and we look forward to the proposals.

I hope that we can make some progress today, because we need to do so. However, I fear that the process to date has been so farcical and absurd that it will instil little more confidence in the eyes of the public until we have the report of Sir Christopher Kelly's committee, until it does the job that we have asked it to do and until we agree the recommendations, so that we actually have a proper externally audited arrangement that bears scrutiny. At the moment, we do not have such an arrangement.

2.28 pm

Mr. David Winnick (Walsall, North) (Lab): It should be clearly understood that the reputation of the House has been much damaged by the controversy about second homes. We can debate today whether we should go to Kelly or otherwise but, as has been said, there is a strong feeling among the public that we are on the make, that what we claim is somewhat dishonest, that it is all part of our salary and so on. It would be wrong of us not to recognise that that feeling has grown in recent times.

We did not do ourselves any favour when some decided to promote a private Member's Bill that would have exempted the House of Commons from the freedom of information legislation. What sense did that make? The Labour Government should be much praised for introducing the Freedom of Information Act 2000—the previous Government absolutely refused to introduce such legislation—but a few years later we tried to claim that it should apply to all public bodies, but not to ourselves. No matter what excuses were made or promises were given that we would still disclose how much we claimed, the general feeling was that we had something to hide. It is sometimes forgotten that that private Member's Bill was passed by this House—thanks to the Whips on both sides—but it fell in the Lords, because no one was willing to pick it up. The Lords did us a great favour on that occasion.

It is right that non-London Members should be able to claim for what is described as a second home. Indeed, it would be wrong if we could not claim. In case anyone thinks that I am taking a holier than thou attitude, I should say that I claim for rented accommodation—the rent, the council tax and upkeep. Obviously, not a penny goes into my pocket, but neither am I out of pocket. That is perfectly legitimate. Some hon. Members claim that some people will never understand how such an arrangement can be justified, and that may be so, but fair-minded people would do so. The reason why fair-minded people are not in favour of the present arrangements is that they believe that most of us are being dishonest and that what we claim is not what we have actually spent. There have been one or two cases publicised that, to many people, do not seem to make much sense or have much logic, and they have undermined the position on second homes.

The legend has grown up that because of inadequate salaries—I do not know whether anyone will argue today that our salaries are inadequate, and I doubt whether many members of the public would take that view—the allowances were introduced and we were tipped off, presumably by the Whips, that we could use that money for our own purposes. I do not know who suggested that in the first place, but in all the years that I have been here no one has said to me that we should claim money and put it into our own pockets. I do not know why that legend has grown up. I work on the assumption that the large majority of hon. Members, in the past as well as now, are honest people and that when they make a claim to the Fees Office each month, they do so on the basis of the money that they have spent. We are not crooks or dishonest, and the few cases that have come to light in no way contradict that. The allowances have never been a substitute for our salaries.

I agree with my right hon. and learned Friend the Leader of the House that we should accept the amendment from the Standards and Privileges Committee. There is

a lot to be said, especially as far as motion 1 is concerned, for the matter being considered by the Committee on Standards in Public Life. I hope that it will be able to make recommendations in the very near future. I also hope that we will accept its recommendations, because there is little sense sending the issue to that committee and then rejecting its findings.

The hon. Member for Somerton and Frome (Mr. Heath) echoed my concern about what is called the Westminster allowance. It is true, as my right hon. and learned Friend the Leader of the House said, that that will be considered by the Committee on Standards in Public Life, but I hope that it does not recommend it. It is nonsense—absolute nonsense. What would the public say about our being paid for coming in to do our job? That is what it amounts to, and I see no reason or justification for its ever being proposed in the first place.

What would happen when we were doing our parliamentary duties outside Westminster—for example, with Select Committees that went outside Westminster or with the Council of Europe and so on? Just imagine the number of exceptions that we will have to make. There would be a whole list of them, from A to Z. What about those Members who were genuinely ill? Would they be paid? What about those on maternity or paternity leave? What would happen with the attendance allowance then? As I have said, the proposal is complete nonsense and the sooner we chuck the whole idea the better.

Mr. Heath: The hon. Gentleman is making all the points that I could have made. There was one exception in the proposal, of course. Ministers did not have to attend Westminster. They only had to think a ministerial thought in the day and they could collect the allowance.

Mr. Winnick: That is a good point.

I started off by talking about the public concern and the unease that is felt. Our responsibility is to try to rectify the situation as quickly as possible and to convince the public—or at least those who are willing to be convinced, as I believe that most will be—that our system is perfectly in order and that we should claim allowances.

It is interesting to note a point that was mentioned to me by my secretary after she had spoken to a close friend of hers who keeps in touch with events and so on. Her friend was surprised to find out that the bulk of the allowances goes on staff costs. The general feeling has grown up that all this money is used for second homes and so on, when we know that the large majority of the money that we claim is for staff costs. Surely that is perfectly justified. It would be odd if we had to pay our secretaries and researchers—not that I have a research assistant—out of our own pockets. It is all clear, and it is all perfectly right, proper and legitimate, but we must persuade the public of that. At this moment, the public are not so persuaded. The sooner they are and the sooner we can put our house in order, the better it will be.

2.37 pm

Sir Patrick Cormack (South Staffordshire) (Con): When I first came to this House in 1970 I felt, and I still feel, that representing a part of the United Kingdom in the Parliament of the United Kingdom is as high an aspiration as any man or woman can have. No one should be prevented from standing for election to Parliament because he or she is either too poor or too rich. It is therefore clearly important that we should have allowances—we did not have them at all in those days—that enable Members to have a home either in the constituency or in London, depending on where their main residence is. I do not want to enter in detail into the argument over London Members, save to say that I do not believe that it is the duty of this House to pass resolutions that retrospectively oblige colleagues to cancel contractual obligations. It is very important that we should recognise that.

That is why I believe very strongly that we ought to accept the spirit of the amendment in the name of my right hon. Friend the Member for North-West Hampshire (Sir George Young), the Chairman of the Standards and Privileges Committee. I believe that it addresses all the issues properly. We have appointed Sir Christopher Kelly and his committee to look into all these matters and they should not feel constrained or trammelled in any way. It is important to recognise that the matters that have been referred to Sir Christopher Kelly include the whole business of outside earnings as well as everything else. I do not know, any more than any other colleague in any part of this House knows, what Sir Christopher Kelly and his committee will recommend. I hope that when the recommendations are made, we will be able speedily to accept them even if some of them are somewhat uncomfortable for us, as they may well be. What we should not be doing this afternoon is putting the committee under any constraints by passing any of the other resolutions. We are dealing with a very short period of time—only a few months—and we want to get this matter right.

Mr. Gordon Prentice: I agree with everything that the hon. Gentleman has said so far, but does he agree that we should accept all the recommendations brought forward by the Kelly committee without amendment? If we amend them, we will once again be determining the parameters of our pay and conditions.

Sir Patrick Cormack: I very much hope that we will be able to accept all those recommendations, but we are a sovereign House and will have to debate them. I hope that they will be sensible, constructive and prudent, and that we will be able to accept them. The hon. Gentleman may not have heard me, but I said earlier that some of the recommendations could be uncomfortable—for me, for him or for others—but that we should wait for them. When we receive them, they should speedily be brought before the House, and I hope that they can be implemented as quickly as possible.

I want to address two issues in particular, the first of which concerns our staff. The recommendation on the Order Paper that all our staff should be centrally employed has aroused very real concern in all parts of the House. It is an idea whose full consequences have not been thoroughly thought through. The relationship between Members of Parliament and those who work for them is extremely important. It is right that Labour Members should be able to employ people who to some degree share their political views and prejudices, and the same is true for Conservative Members. It would be very difficult for a member of the Labour party to employ

[Sir Patrick Cormack]

someone who was a card-carrying Conservative, and the reverse would be equally difficult. It is very important that Members of Parliament are able to select who works for them. I last advertised for a member of staff about 18 months ago, and I received something like 100 applications.

John Bercow: Well, you would, understandably.

Sir Patrick Cormack: Yes, and I saw a large number of people and appointed someone. It is very important that nothing should get in the way of that process. Although my hon. Friend is enjoying his own joke—

Mr. Sheerman: It was a very good joke.

Sir Patrick Cormack: It was a very good joke, of course, as all his jokes are. However, I hope that he would accept that all hon. Members should have that untrammelled right to appoint their staff. I do not want the House of Commons to be turned into a vast employment agency that hires, fires and allocates staff.

My hon. Friend the Member for Tiverton and Honiton (Angela Browning) intervened earlier to ask what would happen to her staff, who are making plans based on the knowledge that she is retiring from the service of the House of Commons. Their loyalty to her may be such that they may not wish to carry on working in the House of Commons for another Member of Parliament.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): Will my hon. Friend give way?

Sir Patrick Cormack: My right hon. Friend is in exactly the same position, and I shall give way to her briefly.

Miss Widdecombe: I am very grateful to my hon. Friend for giving way, as I was going to make exactly that point. I am retiring at the next election, and all the members of my staff have indicated to me that they wish to stay with me during the wind-up period and then leave the House. It would be very unfair to them to force them to transfer at the last minute to a different set of conditions, and that is why we need to get the transitional arrangements sorted out.

Sir Patrick Cormack: I completely agree. I have tabled an amendment, which Mr. Speaker has selected, that at the very least would allow staff to choose whether they should be individually or centrally employed. We shall see whether we vote on that later, because I want to hear what people have got to say, but it would be quite wrong to rush through such a change.

Earlier, I listened to the remarks made on behalf of the House of Commons Commission by the hon. Member for Middlesbrough (Sir Stuart Bell). I used to be a member of the Commission and, despite my regard for him, I was not wholly reassured by what he said. It is important that whatever we decide should not apply until the beginning of the next Parliament because there really ought to be a proper transitional period.

I now come to an issue that I know is not a comfortable one, but it is one that has to be addressed, and a specific motion is down for it. It concerns outside earnings. Already we have a register and those of us who have any outside earnings register them without any qualms or worries. The register covers what we do, the bands of money that we earn, and for whom we do these things. We are moving down a very slippery slope here because we are moving towards a situation in which, over a generation, this House will become an assembly of full-time, permanent politicians who have no connection to or relationship with the outside world.

No one could suggest for a minute that my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) is not an assiduous, full-time Member of Parliament. I know full well that what she does in her constituency is deeply appreciated by her constituents and they are not happy that she is leaving them, but she has found time to write books.

Miss Widdecombe: Very good books.

Sir Patrick Cormack: Very good books, as she rightly says. The fact that she has done that is of no concern to anyone else. It enriches not only her personally—well, I sincerely hope that it does—but those for whom she works and whom she represents.

I should like to delete the reference to hours in motion 3. There is a lovely story about the painter Whistler. He was once in a court case accused of knocking off his pictures in an hour or half an hour, and he said, "That picture does not represent an hour's work but a lifetime's experience." Often a Member of Parliament is in a position to give advice and may not take very long to give that advice, but it is of great value to those to whom it is given. As long as the register records the interest, that is fine.

If that advice is given within a context that involves the Member's parliamentary duties, I do not mind extra details being given, but we have already made an exception for the profession of which the Leader of the House is an illustrious adornment. Barristers and solicitors will be allowed to withhold certain information. That is right and proper in view of the confidential relationship between the lawyer and the client, but I do not see why there has to be this intrusiveness in respect of everyone who has outside earnings. I should like to encourage people to do things outside the House.

I am in my office in the House, as a number of hon. Members present know, never later than 8 in the morning and frequently before half-past 7, as I was this morning, and I very rarely leave much before 10 at night. I give a service in my constituency of which I am quietly proud. If I can find time to do certain other things, to write articles and other things, that is for me and it is my concern. I hope that the House will take a broad-minded view and realise that it will impoverish this place if we merely have people who come in from a political background to be politicians and nothing else and have no contact with those outside in the world that we serve.

I end where I began. There is no higher calling than representing a constituency in Parliament. When I came here, I regarded it as a vocation and a way of life. Of course we must do all that we can to ensure that the public recognise that and we must not abuse the system, but we must provide the proper tools so that we can adequately do the job.

2.49 pm

Paddy Tipping (Sherwood) (Lab): The Leader of the House made the case for change, and she is right: change is necessary; it is vital, and we need to get on with it. The Prime Minister, all the leaders of the political parties and most Members recognise that, put simply, we cannot go on like this. The mood of the country is detached from the political classes. There is a view abroad that we who represent the people do not understand how they live and the difficulties they face. That is unhealthy; it is not good for democracy, and it is bad for the House. So change is necessary and we need to achieve it quickly. The issue for the House today is simply this: how do we best do it?

I was delighted that the Leader of the House accepted the amendment tabled by the Chairman of the Standards and Privileges Committee. The way forward is an independent, comprehensive review. We have tried to do that ourselves in the past but have not been successful. Any effort that we take will not have the support of the public outside—we need that independent element. We need to be aware that the tone out there is corrosive; it undermines our position, and it undermines our self-confidence. I know from talking to colleagues that a number of them are now disillusioned and are thinking of not standing at the next general election. It is bad for the public, it is bad for the House.

We must pass these matters to Christopher Kelly and the Committee on Standards in Public Life and ask them to do a good and thorough job, but there are caveats: we must tell Sir Christopher's committee speed is necessary. That said, he will have to look at the issue comprehensively and carefully and we will have to look carefully at his recommendations. The House is sovereign, but I would be extremely surprised if the House did not take those recommendations, even if they are uncomfortable, as the hon. Member for South Staffordshire (Sir Patrick Cormack) just said.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the hon. Gentleman give way?

Paddy Tipping: I will turn to the hon. Gentleman directly, and then I will take his point. He is a member of Sir Christopher's committee, as is my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) and Baroness Maddox. By definition, they have had to exclude themselves in a way from the inquiry. I say directly to the hon. Gentleman that I hope that he and his colleagues who represent the political parties on the committee are a source of advice and knowledge, because this is a difficult job. Sir Christopher's committee will be worse off if it does not take the knowledge and understanding that the hon. Gentleman and his colleagues who represent us on that committee can give.

Mr. Heald: I am a member of the committee, but I am not taking part in the inquiry. The hon. Gentleman is right that the committee will ask for advice on factual matters from time to time. Does he agree that the committee should take time to hear evidence to find out fully about the role of a Member of Parliament and how it differs in different parts of the country, and that this is not something to be rushed, although it must be done as quickly as possible?

Paddy Tipping: I agree entirely. We need an independent, thoughtful and comprehensive review, but the committee, of which the hon. Gentleman is a member, needs to be aware that there is pressure and a mood outside for change. Change is necessary; it will have to come. I hope that the committee will balance that.

I am surprised that, having accepted the amendment today, the Government—my colleagues—seem to want to plough on with piecemeal change. The House has a straightforward choice today: do we want an independent, comprehensive report that will command widespread appreciation and support outside the House, or do we want to go forward, as we have been doing for some time, doing a bit at a time to try to respond to the changes? That is a wrong way to go forward, and I am surprised that the Government have accepted the amendment from the Standards and Privileges Committee and have decided to plough on. That is a bad decision.

I think that some of the Government's proposals will be recommended by Sir Christopher's inquiry, and it is interesting that they say that they accept that these are interim proposals. Why do we need to make decisions now when we can consider a comprehensive, thoughtful and independent report that will, we hope, command public confidence in the future?

Will my hon. Friend the Deputy Leader of the House think again? We have a straight choice today. We all want change—it is vital and urgently needed—but we must consider carefully how to achieve it. Will we go forward in the future comprehensively and in a way that will generate public support, or, as we have done in the past, will we teem and ladle by doing a bit here and a bit there?

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): The idea that the committee can come up with something that commands public support really is hope over experience—we will not satisfy the public. Let us get on with it and do something sensible. The committee will just waste more time.

Paddy Tipping: I am optimistic for the future and for democracy. Let me say directly to my hon. Friend that we should not be pessimistic. People come into the House to make a difference. They are good people who listen to their community and want to bring about change. We should be proud of that and we should make that point to Sir Christopher's committee.

I ask my colleagues to support the amendment tabled by the Standards and Privileges Committee—it has been accepted—but to be sceptical about the need for the further change for which the Government are pressing. We want to be able to rebuild confidence so that we can be proud of the people whom we represent and, more importantly, they can be proud of us. Let us make progress, but progress that is thoughtful, independent and comprehensive.

2.57 pm

Mr. Tim Boswell (Daventry) (Con): In the course of more than 20 years in the House, I have never felt the need to speak about Members' allowances, and I do so only as I approach retirement. I am conscious, as we all are, that almost anything we say will be misconstrued or interpreted in the opposite way to how we intended to put it. However, I should draw the House's attention to concerns that have been expressed to me by fellow

[Mr. Tim Boswell]

retiring Members and others. I love this place, so it is distressing that many of them are saying to me, "I bet you're not sorry you're going", and, given the frenzied tenor of this discussion, I am increasingly starting to agree with them.

We desperately need—this exactly follows the wise words of the hon. Member for Sherwood (Paddy Tipping)—the Committee on Standards in Public Life to take a cool and dispassionate look at the situation, and all its complications. To pick up the point made by the hon. Member for Pendle (Mr. Prentice), we then need a pretty strong moral commitment that we will do our best to accept the committee's report, unless it contains something clearly ridiculous. It is important that we look at things objectively not only because a few newspaper headlines have dictated the week's agenda, but because we need independent validation of what is appropriate and right.

I wish to make two specific points. The first relates to the only interest that I need to declare in this debate, which is characteristic of all my interests except my farming activities in that those interests are often not profitable—as is the case for others, many things I do are not for profit. I chair the executive committee of the Parliamentary Resources Unit, which is a pooled resource unit of researchers that is broadly for Conservative Members. In that capacity, I am worried about some of the specific implications of the proposals for staff. The unit has a management structure; we have a director and are appointing a deputy director. We have more than 12 members of staff and therefore need to manage them. In a sense, we Members of Parliament employ staff by proxy. If we are not able to go outside the research grades, we are likely to have a very difficult position. I just record that as an example of the detail.

That leads to me to say how strongly I agree with the comments made about the relationship with staff. We would all lose if we were to lose that personal link. I do not claim any particular virtue, but I can report that since I joined the House in 1987, I have employed the same constituency secretary, who is London-based, and the same part-time secretary in my constituency. They have worked for me for all that time. To refer to what my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) said, they are likely to want to retire, or change their arrangements, when I go. I really do not want that very intimate relationship—perhaps I should say personal relationship, in case that is misinterpreted—disturbed at this stage, overturning all the possibilities of pension and so forth. We need to look at that issue. We need lots of trade union and employment law input, and we need to get the measures right.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): At the moment, the salaries of our members of staff are put against our own names. Without doubt, many of our constituents think that that money goes straight into our pockets. What do we do to ensure that the salaries of members of staff are not marked against our names?

Mr. Boswell: The short answer is that we need to tell the truth about what is happening. Above all, we do not need to distort our arrangements and our relationship with our staff to meet a tabloid headline. Sometimes we have to take a stand.

I should like to raise one or two more general points that are, in a sense, indicators or markers to the Committee on Standards in Public Life. My hon. Friend the Member for North-East Hertfordshire (Mr. Heald), who is seated on my right, is a member of the committee, but even if he is not formally participating in the debate, I hope that he will take notice. The committee should take note of issues of shared expenditure. Lots of us have complicated lives. We do things that are partly political and partly done for our constituents. We do things at home that are part of our office activity, and partly done on our personal account. We benefit from accommodation that is both personal to us—it is where we need to stay for the night when we are at Westminster late—and shared by members of our families. That whole area needs sorting out.

It has been suggested, in some of the more draconian ideas, that Members capital profits on their flats should be clawed back. I dare say that there is a capital profit on the flat that I have occupied since 1989, but I have not worked it out, as it is going down by the moment. However, there is no basis in principle that is clear. It is quite difficult to contemplate any sensible clawback from current or former Members. How, for example, will we run that past the property safeguards under the European convention on human rights? If we are to do that kind of thing, we have to declare what we need to do very clearly. We should start the system in a way that ensures that everyone is clear.

My third point goes wider than the debate. Nobody has used the words "legitimate expectation" in this debate, but the Prime Minister's idea of cutting off the allowance year after four months and completely recasting it was absurd. I have never claimed the cost of the kitchen that I bought for my flat from public funds, but had I done so, would it have been all right to do so on 1 May, and all wrong on 1 August? That is not the right way to proceed. That is why I am so anxious that matters should be referred to the independent Committee on Standards in Public Life and properly phased in.

I shall conclude, because many Members want to speak. We should say that the best defence against abuses—there have been abuses, and, as the hon. Member for Sherwood said, there is a need for change; I can see that—is not yet more box-ticking, or even more rigorous accountancy. I accept that there have been failures in that regard, and we need to remove areas of gross difficulty. Those failures are to some extent, however, the function of a system that is too complicated. The best safeguard is the conscience of individual Members in acting responsibly.

Mr. Hogg: Perhaps the best safeguard will be transparency. Now that everybody is obliged to reveal everything, in my view rightly, that itself will be an antidote.

Mr. Boswell: That is hugely beneficial, but nobody should ever think that mere compliance with the rules represents the sufficient discharge of their responsibilities to the House or to their constituents. We must be absolutely straight in our dealings, but we must largely be the judges of that. We need independent input, first, on advice, because I am not sure that we have always received as much advice as would have been appropriate; and, secondly, on the right audit, filter and transparency, as my right hon. and learned Friend has just said.

In doing all that, we must acknowledge, as the principles of the inquiry that the Commission has launched acknowledge, that we need adequate support in our work. However, it is wrong to keep legislating bit by bit, headline by headline. I am very struck by the remark in the issues and questions document from the Commission. Paragraph 1.12 states that

"the reforms so far have been restricted in focus and piecemeal in implementation. We believe it is time to conduct an open, thorough and independent public inquiry to lay this matter to rest for the foreseeable future and remove the corrosive effect it is having on public trust in the integrity of our politicians."

That seems to be the right message. We need to do it, but we need to do it together and coherently.

I mentioned at the beginning that I am deeply attached to this place. It is still the best way of running a society, and I do not want to leave it to a toxic combination of the affluent, who do not need the support, and the anoraks, who do not claim the support. We need to acknowledge change, but we must do so in a properly considered, independently validated, measured and coherent way.

3.7 pm

Dr. Tony Wright (Cannock Chase) (Lab): It is a rather large understatement to say that we are in a bit of a mess, but most of us who care about our politics and the reputation of the House think that we need to sort this mess out. Certain people—well represented in certain newspapers—do not want us to sort this mess out at all, because it provides such wonderful daily copy. The last thing that they want is to see us get hold of the issue and resolve it. Some of them would no doubt be content for us to sleep on benches in St. James's park—and if they were, they would still say that we were taking somebody else's bench. We know that all that is true, but it should give us an added incentive to ensure that we take steps to clear this mess up. We know, too, that things will get a lot worse before they get any better, and that conditions our approach to the issue. We saw it coming, however, and in a sense we have only ourselves to blame. This issue has not come out of a clear blue sky; it has been around for a very long time.

I gave evidence to another inquiry by the Committee on Standards in Public Life, back in June 2002—that is, seven years ago. I looked up the evidence, because I could vaguely remember it, and I said:

"My guess is that any future difficulties with Members of Parliament are far more likely to occur around issues to do with the allowances that they now get.... If you have lax rules, I am afraid you will have lax use of money and I can see this on a number of fronts going to happen. I can see, for example, not long before newspapers start running stories talking about the huge capital gains that MPs have made on their London houses... Unless you get hold of these issues now and think about them, they will come and hit us later on".

Even then, for those of us who were in this place using and observing the system, it was not difficult to see that issues would come along and do us an awful lot of damage if we did not attend to them. So I told the Committee to get on with it, but of course it did not.

When we had our biggest recent scandal at the beginning of last year—in February 2008—I wrote to Sir Christopher Kelly to say:

"I write because I am concerned that you have not already announced that the Committee on Standards in Public Life will be conducting an immediate inquiry into the whole system of MPs' allowances...If this is not something for your Committee to respond to, in view of the reasons for its existence, I do not know what is".

However, he took the view that we were going to attend to these issues ourselves, and we failed to do so. I agree with everyone who has talked about the damage that that is now doing: it is almost impossible to overstate it. It is fundamentally corrosive, not to one party or another but to the whole of our political system, and indeed to the whole of the practice of politics; it contaminates everything else that we do. People rightly say, "If you can't sort this out, if you behave in this way in relation to your own affairs, how can we trust you with anything else?" In a sense, that question is unanswerable.

In some ways, it should be entirely simple. People, on the whole, are fair-minded. They know that, to do the job, we have to come and spend some nights in London, employ staff, and travel between one place and another. One would think that it should be reasonably straightforward to construct a system that reflects those basic needs, but we failed to do so. There is no point in us all canvassing our own preferred options on any of these issues—we all have different views on how we might resolve them. We have reached the point where we have conspicuously failed to do that ourselves, and we now have to ask someone to help us.

Daniel Kawczynski: I think that we all agree that there must be some form of reform. However, given that the cost of maintaining all our offices and all the work that we do as parliamentarians comes to about £92 million, which is less than two thirds of the aid that we give to Tanzania, does the hon. Gentleman agree that the cost benefits that we provide are very good for the British taxpayer?

Dr. Wright: If the hon. Gentleman thinks that by addressing that argument to his constituents he will convince them that nothing is wrong, he is not living in the same world as most of us.

Mr. Gordon Prentice: Will my hon. Friend give way?

Dr. Wright: I will give way once more.

Mr. Prentice: Is not the core issue whether we decide our own pay and conditions or hand it over to someone else to decide for us?

Dr. Wright: That will indeed be my core conclusion in a moment, if my hon. Friend will bear with me.

There is no point in our canvassing our preferred options on what we should do about this allowance or that allowance, because we have decided, rightly, that we have proved incapable of doing this, and we now need help urgently. When we give our evidence to Sir Christopher, we can say what we think about these things, but we can also be very clear about the principles involved, which are pretty straightforward. First, we should be compensated only for what we have actually spent. That was the fundamental objection to the idea of the daily allowance, in all its various versions that kept developing. Next, it has to be spent on essential items, by which I mean items with regard to which we can look our constituents in the eye and explain why they are essential for us to do our job. If we cannot do

[Dr. Tony Wright]

that, as in the case of some of the esoteric claims that have been around in recent times, there is no way that we can ever explain to our constituents why claims are essential to do the job. They may be very desirable to have, but they are not essential.

We need a system with the right set of incentives—incentives to live rather modestly. The problem with the current system is that the incentives are entirely of the wrong kind. They are incentives to live immodestly and exploit the allowances to the maximum, by having a larger house than necessary because the mortgage interest will be paid, and then by adding fixtures to the house because it will increase its value and the taxpayer will pay for them. Those are entirely the wrong incentives.

We must apply to any new system the principle that, as far as possible, it should be abuse-proof. Unfortunately, any system has a capacity to be abused. The problem with our system is that it invites abuse. In constructing a new system, we must ensure as far as we can that it diminishes the capacity for abuse.

Mr. Clelland: Will my hon. Friend give way?

Dr. Wright: I said that I would not give way again, but I shall do so one final time.

Mr. Clelland: I thank my hon. Friend. He made the point about the need for Members to be compensated on the basis of what they actually spend. While one might be able to see the merit in that, is there not a danger that we will all be driven down to the level of what the hon. Member for Daventry (Mr. Boswell) called the "anoraks"?

Dr. Wright: I hope not. If we have definable essential items that we claim for, I cannot see anything wrong with that system. That is what we think the system ought to be. Having established the principles, we should crack down ruthlessly on any evidence of abuse of any new system.

If the opportunity presents itself, I shall vote for the motions that I believe are right and desirable, while bearing in mind that Kelly may come to a different view. On some things, such as the staffing allowance, I shall abstain, because I am an agnostic. I do not know what is the best way to employ staff. By the way, we have the wrong target there. What concerns people about the staffing allowance is not who employs the staff but how it is abused. It is the abuse that needs attending to, not the cosmetic presentation of who employs the staff.

Unfortunately, we have failed to sort this out ourselves over an extended period, and it now has to be done. I remind the House that a former Clerk of the House wrote to *The Guardian* recently, saying that his great concern was that because we had the capacity to decide these things for ourselves, we had the capacity to subvert any recommendations that were put to us. He said that he had seen that many times in the past. He wrote:

"Members of Parliament are distinct from other elements of the public service, such as judges, army officers and senior civil servants, in having this ability to overturn, or covertly sabotage, the findings of the independent review body."

That is what we do, as people have said, and it has brought us great difficulties. We must accept that this issue has needed sorting for a long time and is causing us and the whole system huge damage. We have failed to sort it out and we now have to turn finally to Sir Christopher Kelly and the Committee on Standards in Public Life and say, "Will you please do it for us?" That should have happened a long time ago.

Sir Christopher has said in the past few days that he will give us not a menu of options to pick and choose from but a comprehensive set of recommendations. That is right, but the question is whether we accept those recommendations from an external, independent body. If it is possible to envisage things getting even worse, the worst outcome would be to get the Kelly recommendations and then start playing around with them. We should not canvass for our favoured schemes. Every party should say that it will not only wait for Kelly but accept Kelly. That is the only way that we will dig ourselves out of the hole that we are in.

3.19 pm

Sir George Young (North-West Hampshire) (Con): Amendment (j) is in my name and that of every other member of my Committee. I agree with much of what the hon. Member for Cannock Chase (Dr. Wright) said and I commend the hon. Member for Sherwood (Paddy Tipping) for his remarks a few moments ago.

Let me read to the House what it will agree if, as seems likely, the amendment is accepted:

"That this House welcomes the Prime Minister's decision on 23 March 2009 to invite the Committee on Standards in Public Life to inquire into Members' allowances; believes that in order to command maximum public support for change the House should defer its conclusions until after the Committee has reported; and further believes it would be desirable for the House to have an opportunity to consider any recommendations from the Committee as early as possible."

The Government have said that they agree with that, and it would therefore be inconsistent for them to invite the House to reach conclusions before the Committee has reported. That would stand logic on its head and I invite them to think again. If they agree with my Committee about amendment (j), they should not proceed with the subsequent motions. Anything else is inconsistent and illogical and would defy what the House had agreed to.

I do not challenge the procedural possibilities, but it appears illogical to say that we must not make decisions and then proceed to make them.

Mr. Chris Mullin (Sunderland, South) (Lab) *rose—*

Sir George Young: I give way to a fellow member of my Committee.

Mr. Mullin: I am most grateful. Does the right hon. Gentleman agree that, if the Government are unwise enough to go ahead and press the motions to a vote, abstaining is the logical action for Members to take?

Sir George Young: Or, indeed, voting against, because hon. Members will have agreed not to make a decision.

Mr. David Curry (Skipton and Ripon) (Con): Does my right hon. Friend further agree that, if a substantive amendment, which, to all intents and purposes, replaces a full text, is not to be regarded as a replacement of that text, we must reconsider the House's procedure, which

is based on amendments as a form of scrutiny? For example, yesterday's debate on the Gurkhas might have left us with both the Liberal Democrat motion and the Government amendment standing.

Sir George Young: My right hon. Friend makes a thoughtful procedural point, which I do not propose to explore in great detail.

Miss Widdecombe: Will my right hon. Friend give way?

Sir George Young: May I begin to make the case for why my Committee acted as it did? I will give way to my right hon. Friend later.

My Committee thought long and hard before deciding to intervene in the debate. My Committee likes to cruise in the stratosphere above the turbulence of party politics, and it is no part of our agenda to pick a fight with the Prime Minister on the matter that we are considering. We are a group of colleagues, appointed by the House, to have regard to the reputation of the House. Our view is that that is best served by the action that we propose.

Indeed, far from disagreeing with the Prime Minister, we agree with him on the need for radical reform and we wrote to him on 31 March, welcoming his decision to invite Sir Christopher Kelly to conduct a thorough review of our allowances. We believe that that was the right way forward. Sir Christopher responded to the Prime Minister by rearranging his Committee's programme to accommodate the request. He has drafted and, indeed, circulated a consultation document, asking for evidence on all the issues before the House by 5 June. At that point, I think we were on the right track.

Then, for reasons that have never been properly explained, the Prime Minister went on YouTube. I think that it would have been better to make an oral statement to the House, but perhaps I am old-fashioned. Some rushed decisions were announced. There was no consultation, even, we hear, with Cabinet colleagues. A new timetable for implementation was proposed and Kelly was pre-empted with conclusions about what should happen on key issues.

It is not surprising, given the complexity of the issues and the haste of the exercise, that the wheels came off the coach on the matter that had generated the most controversy, namely the additional costs allowance, or personal additional accommodation expenditure, as it is now known. The Prime Minister's proposals to go on paying the money, but with no receipts, failed his own criteria of transparency and accountability.

So, today, we have "Hamlet" without the prince—decisions on some of the other matters referred to Kelly. If the reason for rushing things through was to allow the Prime Minister to say on 1 July that the ACA had been sorted, that alibi no longer exists. But rather than coming up with quick answers, we should come up with the right answers.

Miss Widdecombe: On the point that my right hon. Friend was making when I tried to intervene, which was about the inconsistency between his amendment being successful and proposals being pressed to the vote, has he received any indication from the Government about how they intend to proceed?

Sir George Young: I only heard what the Leader of the House said in her speech, which was that she accepted my amendment, but that she was none the less going to invite the House to take a decision on subsequent resolutions. I could not follow the logic of that, but that is the only information that I have.

We have two reasons for believing that we should allow Sir Christopher to proceed before we take a decision: one of principle and one of practicality. On principle, it cannot be right for the Government to ram their motion through the House as they propose. They want the House to take decisions today on resolutions tabled on Monday evening. There has been no consultation with the parties, no consultation with the Committees that will have to operate and police the system, no consultation with Back Benchers generally and little opportunity for us to discuss the matter with our staff.

Mr. Andrew Dismore (Hendon) (Lab): Will the right hon. Gentleman give way?

Sir George Young: In a moment.

That sits uneasily with how the Prime Minister said he would treat the House in his first statement as Prime Minister—to restore some of the independence that we had surrendered to the Executive and, to use the words in his Green Paper, to

"rebalance power between Parliament and the Government".

The Prime Minister began his letter of 23 March to Sir Christopher Kelly with the following words:

"As you are aware, the pay and allowances for MPs are a matter for the House of Commons."

When pressed at Prime Minister's questions a few weeks ago, the Prime Minister again said that the matter was one for the House. He was right: it is a matter for the House, and we should do what we think is right without the Government playing the loyalty card or claiming a monopoly of opinion on how best to proceed.

Still on principle, what is the point of constraining Sir Christopher Kelly's committee with interim arrangements that may have to be changed months later? Interim changes mean that there will be further, later changes. On issues such as the employment of Members' staff, that is frankly unfair on those affected. On principle again, with some of the resolutions, the cart has been put before the horse. On Members' staff, I am invited to express an opinion now, and then the Commission will consider the proposition. I would prefer the Commission or Kelly to consider the proposition, and then I will express an opinion. For a range of reasons, my Committee decided unanimously that the House should be urged not to adopt instant, piecemeal or poorly considered provisions. Doing so runs the risk of creating confusion and chaos where we need consistency and consensus. The key thing is to restore public confidence, which we best achieve by allowing Sir Christopher to proceed with his work.

I also have doubts about the practicability of some of the proposals. As an example of what will now be caught by the rules on financial interests, any hon. Member who receives a £30 fee for completing an opinion poll, even though the sum is donated to a local charity, will need to register that sum. Not only that, but they will be obliged each time to register the name of the organisation, its address and the amount of time

[Sir George Young]

that they spent on the phone. Also, if a colleague is presented with a bottle of wine after a speaking engagement, that becomes potentially registrable as earnings, as does the time spent at the function. That is because the Government, without any consultation, have abolished the de minimis threshold for categories 1, 2 and 3 in the register, which the House confirmed without a Division only two months ago.

Sir Paul Beresford (Mole Valley) (Con): There is another interesting repercussion. It appears that the third motion is intended to stop directorships with huge fees. However, some professionals have to practise to maintain their profession. Therefore, if on a Sunday morning, instead of playing golf or sitting reading the news of the Government's disasters—

Robert Key (Salisbury) (Con): Or going to church.

Sir Paul Beresford: Indeed, or even after going to church. If, instead of doing those things, I happen to see a few patients—this point could affect hon. Members from any part of the House—I will have to declare that if rumour is correct. However, if I went to church or played golf, which would make no difference to my constituency actions, I would not have to declare it.

Sir George Young: My hon. Friend has made a powerful point right in the middle of my speech.

Mr. Dismore: I am grateful to the Chair of my Committee for giving way. Has there been any consultation with the registrar or the commissioner who would have to administer the proposed system? The practicalities that the right hon. Gentleman is outlining—and, indeed, many others—would be horrendous, and dealing with them would present real difficulties.

Sir George Young: Of course I had consultations with the registrar before I explained the implications of some of the resolutions before the House. Whether the Government have had similar consultations with the registrar, I do not know. I do not know whether it was the intention of the Leader of the House that she would have to register the bottle of wine that she might receive after making a moving speech at a dinner, but the time would be registrable.

The Deputy Leader of the House of Commons (Chris Bryant): First, I just want to clarify that the Government did have discussions with the registrar, as would be appropriate. Secondly, the right hon. Gentleman is wholly wrong in his interpretation of how the proposals in the motion would work. They would not change category 5 in relation to gifts, benefits and hospitality. The change would relate only to directorships and remunerated employment.

Sir George Young: I said what I said after consultation with the Registrar of Members' Interests.

I have no outside interests, but I am cautious about registering the hours as proposed. My personal view is that our constituents would be more interested, and surprised, to hear how many hours a week we work for them, rather than how many hours we do not.

My Committee has been accused of trying to kick the ball into the long grass, and misrepresented as seeking to preserve our allowances for as long as possible. That is not the case. The Kelly inquiry is not the long grass; it is the best, and possibly the last, chance to get this right. For reasons of public interest, not self-interest, we believe that it would be a mistake to go ahead as the Government plan to do. We also believe that we should not pre-empt Kelly. Only the proposals that flow from an independent inquiry will command public confidence. Let Kelly and his Committee come to their own independent conclusions; then the House can decide. In the meantime, the Government should not dictate to them, or to us.

3.32 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): There is always a certain reluctance to talk about these matters, and I do not think that I have spoken in the House about Members' pay and allowances before. It is worth looking back at the history. My hon. Friend the Member for Cannock Chase (Dr. Wright) was right in what he said; indeed, we tabled an amendment to the motion, but it was not selected for discussion. I ask us all to have a sense of the history of these arrangements because we have long failed to grapple with them.

We all know that the central problem is the reluctance over many years to increase the salary of Members of Parliament to a sufficient level. We also know that Governments of all political persuasions have said, "It's all right, we'll give you some help through the expenses you can claim." The mileage allowance is an example. I remember when Mrs. Thatcher was Prime Minister there was a rebellion among Conservative Members because she would not implement the pay rise that had been recommended by an independent inquiry. What happened? The next thing we knew was that we had the largest ever increase in mileage allowance, as long as we had a car of more than 2,000 cc. We all remember that, and we all remember the subsequent changes in the types of cars in the car park beneath the House.

There has been tension over these matters for a long time. Another tension exists, to which the House should pay careful attention. It is all very well for an independent body to decide how we should be paid and what our allowances should be, but we all know that normally, as soon as the committees have reported to the House, whichever Prime Minister has been in power at the time has said, "Oh, this is very embarrassing. We can't possibly be seen to increase the salary of Members of Parliament." Prime Ministers of all parties have failed to agree to the recommendations, and arrangements have been made with the Whips to water them down or modify them in some way. That was why my hon. Friend the Member for Cannock Chase and I tabled our amendment today.

The hon. Member for Daventry (Mr. Boswell) made a clear point in this regard, but he did not take the final step which would be for the leaders of the three main parties to say that whatever happens with the Kelly report, they will accept it. That is the way to get real independence in the House and to free ourselves from the sort of criticism that we have brought on ourselves from the public. The challenge from Back-Bench Members is to tell the leaders of our individual parties that that is what we need.

We have done that before, even on policy issues. I remind the House of the agreement on the Dearing inquiry into higher education. Even in the run-up to an election, the leaders of the three main parties said that they would hold off making decisions on the future of higher education until Lord Dearing had published his report. All three parties stuck to that agreement and we got a rather better policy initiative than we otherwise would.

Ms Dari Taylor: I totally agree with all my hon. Friend says about independence, but does he accept that the committee, and Sir Christopher Kelly in particular, must understand the life that we lead here? It is crucial that people understand the hours that we work and the type of life that we have here.

Mr. Sheerman: My hon. Friend anticipates what I was to say next, which is the only other point I want to make.

When I came into the House, we had a system that I thought worked very badly. I saw people from my part of the world, 200 miles from this House, renting the cheapest accommodation they could find in a trade union hostel or a cheap hotel. People came here and slept in their little beds in their little cells or their shabby little bedrooms. After four days—we sat late on four nights—they went back to their constituencies. That was corrosive of family life. If one does not have a decent place in one's constituency and near this House, family life will be destroyed. It means that MPs say goodbye to their partners and come down here on their own. The rule was that you never saw your family. That is destructive of family life and it means that very strange people end up being MPs. We have seen a better cross-section of real people since we changed the rules. Let us take this issue seriously but let us give the message to Sir Christopher Kelly about the way MPs operate and the way we wish to have our lives in the future. We must stand up to ensure there is a real appreciation of how MPs work and live.

My last point is this. I have made myself relatively unpopular elsewhere by asking, "Who has stood up for the hardworking MP who works a 15-hour day and works on Select Committees?" Indeed, I have made myself very unpopular because I believe—I am looking at the Father of the House, the Chairman of the Liaison Committee, my right hon. Friend the Member for Swansea, West (Mr. Williams), who knows that I have made this case many times—that there should be extra payment for those who work so hard on Select Committees. That would make me very unpopular out there, but I think it is right for people who do that extra work. Otherwise, we will end up with lots of unpaid deputy Whips and unpaid deputy Ministers. The independent Back Bencher who serves on Select Committees and does all the jobs in the House will be difficult to find.

The right thing today is to accept the amendment that supports the Select Committee's view. I will vote against the other measures today reluctantly, because I agree with some and I hope that they are in Kelly. But I will vote against them, because it is wrong to anticipate what Kelly will produce. Kelly is undertaking an independent review, which we should accept. Let us put the spotlight on the leaders of the two Opposition parties, and on the Prime Minister, so they say, "Whatever it says, we will back it."

3.40 pm

Derek Conway (Old Bexley and Sidcup) (Con): It is said that politics is a vain calling—that people stand in this place and say, "Hear my views. Look at me, look at me." I suspect that all Members of the House have looked at me in great detail and I still bear the scars. It would be a vanity on my part, however, to think that the Government's proposals on the employment of staff are down to the experiences that have been well publicised in this place and in the media. Therefore, one must wonder: why the haste?

More than 200 close family members are employed by Members of Parliament. Many more employ lovers, who are not necessarily known to be related, and many more again employ in-laws because of the difference in their surnames. No doubt the total number of relatives employed by Members of the House is 250 rather than the lower estimate. Is that wrong? People will make their own judgments about my case, and they have done so. However, many Members of Parliament find it convenient to employ family members, not necessarily to supplement their income, because many MPs take a drop in salary when they come to this place—I halved my salary when I came back. Many Members employ family because of availability and reliability, and as many Members have experienced before me, family members are often employed for confidentiality and convenience. Is it just the money? I am not sure that that is the case, and it will be interesting to see how the Commission addresses the problems of central employment.

As I experienced during the investigation of two years into my personal activities and those of my family, the Standards and Privileges Committee, whose distinguished Chairman has spoken today, wanted to know whether there was a need for the person to be employed by the Member of Parliament, whether they were able to do the job—presumably two-year-olds would not apply—whether they were actually doing the job, and whether the reward for what they did was reasonable, which, one would expect, is a test that will apply to every Member of the House.

However, the standard of proof varies, and I say to the Chairman of the Standards and Privileges Committee that if his reports are contrasted, they will show that there is a difference in the standards applied, not only by the current Committee but by previous Committees, to the Members before them. The House will recall the treatment that led to the loss of Elizabeth Filkin's services, in relation to the case of the right hon. Member for Airdrie and Shotts (John Reid), and more recently the comparison between the investigation into my family and that into the employment arrangements of the hon. Member for Meriden (Mrs. Spelman).

Interestingly, when my elder son Henry was being investigated, the commissioner, who is a polite and decent man, was extraordinarily thorough. However, levels of thoroughness are a human failing, for us all. In Henry's examination, there were long-distance calls to Canada, with witness statements being taken. Cleverly, the commissioner even found a secretary who had worked in the office, and had long since left, but unfortunately she remembered seeing Henry and seeing what he did. By mere coincidence, there was even a photograph of him helping at a function. One tried to gather together the evidence. That compares interestingly with the later Committee report, for which some of the witnesses who

[Derek Conway]

had been reported in the press were not even contacted and asked for their opinion. By contrast, my son sat for two and a half hours giving evidence before the commissioner. One wonders whether Committees of the House, as we know from experience, bend over backwards to try to protect Front Benchers if they possibly can.

In my case, both commissioners found that my sons had worked, and the Metropolitan Police Commissioner, when he was not busy trying to sort out computer contracts for his friends, took a particular interest in my case, as he was anxious that it should be prosecuted. The Crown Prosecution Service—

Sir Patrick Cormack: On a point of order, Mr. Deputy Speaker. In view of the fact that the Member who is addressing the House accepted the punishment of the House, apologised unreservedly and paid back the money that was taken, is not this speech rather an abuse of that?

Mr. Deputy Speaker (Sir Alan Haselhurst): I say to the hon. Gentleman that I see no point of order in the question. Every hon. Member is responsible for the remarks that they make in this Chamber and will be assessed accordingly. I call Mr. Derek Conway.

Derek Conway: I in no way question how the Standards and Privileges Committee conducted its case with me—I accepted fully what it said—but that does not prevent me, any other Member of this House or any member of the public from contrasting the different reports that the Committee produces. It found in my case that the issue hung on the level of reward. Henry, my eldest son, was paid at the second quartile of the lowest grade. That is relevant to the debate that the House has been having on the employment of staff, including those related to Members of Parliament. As I know from bitter personal experience, my son, who was at the second quartile of the lowest grade and was a part-time student, was judged to have been paid too highly. Therefore, one awaits with interest any inquiries that are made into the husband of the Home Secretary, who is paid at the top of the highest grade while being a full-time house husband.

Speculation about what Members of this House are doing and what is reported in the papers should apply to all Members, not just some. How these points in the salary scales are arrived at remains a mystery to me. In my case, the Committee decided that it would have been appropriate for my son to have been paid at the entry point of the lowest grade, with an annual cost of living and a 2 per cent. annual performance increase. That is not laid down by the House authorities anywhere; I have not seen it applied anywhere else. I do not think I am challenging the Committee by raising this, because I shall be raising it with the House authorities in the coming months.

Mr. Bernard Jenkin (North Essex) (Con): On a point of order, Mr. Deputy Speaker. I find it difficult to believe that an hon. Member who has accepted the findings of a Committee in a disciplinary case of his can subsequently come back to the House and call into question the judgments that that Committee has made. That seems to be what the hon. Member is doing.

Mr. Deputy Speaker: I do not think that a point of order is involved. I have made one ruling. Every hon. Member must be responsible for what they say in this Chamber and, short of an attack on or criticism of another hon. or right hon. Member, it is a matter of judgment for which every one of us will be held accountable. I have not heard anything that causes me to rule the hon. Gentleman out of order, but he is responsible for what he says and he must consider carefully what he does say.

Derek Conway: I am not challenging what the Committee is saying. What I am asking is that if Members are looking for guidance on what level of pay to set for their staff, should they look to the House authorities, to the Green Book or to personnel practice? The Committee's different decisions in different cases do not necessarily help to provide that guidance, but they set a precedent—that is the point I wish to make. Interestingly, I think that although the Government are using great haste to try to resolve this matter, it will not end today. My inquiry went back eight years, so whatever the Government or the House decide today, this matter will not finish today. I have resigned myself to being the Admiral Byng of this Parliament, but that does not stop me developing a new hobby, and I believe that those Members of this House who have employed close family members should look a little more closely at the Committee's decisions on levels of pay and how interest each year should be applied. I do not think for one moment that the inquiries into how Members have employed their staff will end with tonight's debate.

3.49 pm

John Mann (Bassetlaw) (Lab): One underlying theme resonates throughout this debate, sometimes spoken, sometimes not, and I hope that the Kelly committee will determine its views on this absolutely. I am talking about the pay of Members of this House. I take a different view from many of those who have suggested that Members of Parliament are badly paid. I think that the level of remuneration is appropriate, but we will all have a dilemma if we hand over pay to an outside body. The principle of elected Members not determining their own pay is a higher and more important principle than the actual level of that pay. I hope that the level of pay would not go up if it were determined independently in the future. I also hope that all hon. Members would agree that if pay levels are to be determined independently, whether after Kelly or at some later stage, we should not then be able to vote on that decision and nor should Governments be able to do so in the future. That independence should be retained.

I am also strongly of the view that the level of expenses should be determined externally and not internally by the House. Two aspects of the terminology used in this debate cloud it dangerously. The first is the use of the word "allowances". There is a fundamental difference between allowances and expenses, and the fact that Members are able to use the two words interchangeably demonstrates the confusion of this debate. I hope that the Kelly review will look at expenses and will determine that the concept of allowances has been part of the problem. If its view is that MPs are underpaid, it should say so, but that should not be hidden in allowances. The pretext of the allowance system that has been built up is precisely why people regard the issue with horror.

The second term that has been used inaccurately today is "abuse". There have been abuses, but it can be argued that even those examples were overuses rather than abuses, because they took place within the system. That is why those examples have not been referred to authorities outside the House such as, for example, the police. They have been examples of overuse, not abuse. The so-called abuses that we have seen in recent months—sometimes several are revealed in one weekend—are overuses of the system. There is a question about whether such usage is right or moral, which constituents will throw at all of us, but it fell within the system. Of course, the more extravagant our usage of the system, the more extreme the criticism, and that may well be appropriate, but it is the system itself that is rotten.

I shall give some theoretical examples. Under the system at the moment, it is possible—although the House refuses to release the information—for some 150 Members to claim an overnight allowance not for coming to Parliament, but for living in their constituency. Is that right? The Leader of the Opposition may be one such person. There is no question of abuse of the system, and nothing is being hidden, but is that right? Is it right that £24,000 of mortgage interest can be claimed by a wealthy Member of Parliament so that they can have an expensive house in a constituency that is not that far away from London? It would be appropriate for the Kelly committee to consider that issue. There are dilemmas, and legitimate arguments could be made on both sides. However, that is precisely the kind of dilemma that the committee should be considering.

A similar question arises about family members and spouses. Of course, it would be straightforward to say, "That should be banned," but arrangements might well occur that were not in the public domain. Is that any different or any better? Honourable single Members might marry previously unmarried members of staff. Should those members of staff immediately be barred from working? That dilemma must be addressed by any simple solution.

It is much easier to deal with some of the other points. For example, under the current system it is possible for a Member who has owned their house in totality with no mortgage for many years to take out a mortgage and to claim that money back. Is that justified at the expense of the taxpayer? It seems to me that it is not. Let me give another, more difficult example—although I do not think that it is overly difficult. A Member might own a house at value X and claim the full amount. If the allowance goes up significantly, is it right that that Member, in the course of their duties, should feel that it is appropriate to buy a bigger, more expensive property and to claim the full amount? It seems to me, as the taxpayer is paying, that that is not appropriate. However, both of those examples have been allowed within the system, particularly since the big increase in the allowance in 2001. Such things are a use of the system and it seems to me that we need to get real
about it.

If one maximised mortgage interest at £24,000 with a standard mortgage nine months ago, at today's mortgage rates £16,000 would now be available. Is it justified that the maximum allowance should be based at £24,000—at £222? It seems to me that that is not justified. The hon. Member for Huddersfield (Mr. Sheerman) has left his seat, but there is a varied view on what is a reasonable standard of living and a reasonable property. There will never be any agreement here or among any other group of 600-odd members of the British public about what is reasonable. However, the British public perceive that £24,000 is not reasonable in order to carry out such duties. That is what underlies public concern, from what I hear.

John Bercow: As I think the hon. Gentleman knows, I am from that wing of the Tory party that pays mortgages and buys its own furniture. I always have been. However, I understand the distinction that he is making between expenses and allowances, and his focus on what might be described, for want of a better term, as contrived mortgages. Might one means by which to tackle this problem be for Sir Christopher to consider the imposition of a time limit—a span over which people could claim—that could not be exceeded, so that people could not claim for 40 years, long after most people out there would cease to have had a mortgage?

John Mann: All sorts of systems could be proposed. However, the critical point is that there should be a defendable cap on the amount of money that can be spent. I have suggested that that cap should be decided on a civil service basis. Civil servants in Sheffield or Leeds can claim £127.50 per overnight stay, or per 24 hours. That would, of course, get one into what I have described as the Travelodge in County Hall. In fact, apparently, it is the Premier Inn in County Hall. I was offered the opportunity to road test it—indeed, I already have done and those expenses will come out in a few months' time for people to see. I do not suggest that Members should have to live in County Hall or any other Travelodge-type accommodation, but it seems to me that if the number of nights on which we have to be here on parliamentary duty is about 120, a civil service rate based on what a civil servant from out of London would require in order to come into London ought to be the cap. Whether the money is spent on buying or renting property or on staying in hotels is not important. The problem for us outside the House is the perception—the reality—that we can claim large amounts of consumer goods. People believe that parliamentarians claim too much money in the course of their duties, and we need to rectify that speedily.

We need to be able to defend what we do. People must perceive not that we are greedy but that we are tightening our belts. That is the price that we are going to have to pay for retaining systems that we could have changed. We are in a recession, so tightening our belts for the next few years will be appropriate. I hope that that is what we vote for, or what the Kelly committee asks us to do.

Several hon. Members: *rose—*

Mr. Deputy Speaker: Order. I have a difficult decision to make, because there are many more hon. Members wishing to speak than there is time available, given the present limit on speeches. I shall probably be unpopular with some but bring joy to others if I now cut the time limit to five minutes in an effort to get the widest possible representation. I call Mr. Greg Mulholland.

4.1 pm

Greg Mulholland (Leeds, North-West) (LD): Thank you, Mr. Deputy Speaker. May I begin by saying that I love this job, and that I am very proud to be a Member

[Greg Mulholland]

of Parliament? I can say that I genuinely try to do the job to the best of my ability, and I believe that the same is true for the vast majority of Members of this House.

Just a couple of weeks ago, however, I had one of those rare moments when I questioned whether I really wanted to carry on doing the job. That moment came on the day that the so-called MPs' expenses league tables came out, when the story was all about our £93 million gravy train and how we all had our snouts in the trough. That hurt me, as I am sure that it hurt the vast majority of hon. Members to whom such remarks are grossly unfair.

As we all know, we have very little right of reply to such stories, but the problem was actually far harder for my wife. She told me that she was too embarrassed to go out that day because of what the neighbours would say. People presumably think that we keep the Jag around the back, and that we somehow hide the vast amounts of money that come rolling in. That is exactly the perception fostered by the media: one newspaper said that, by making an average claim for allowances of £144,000, we were effectively trebling our salaries. That is absolutely absurd, but how can we sort the problem out? I have to admit that I am feeling embarrassed again about the nature of the debate that we are having today, and about the farcical situation that we find ourselves in. I shall make that situation clear, as no one has done so up to now.

We face a very difficult choice. We are about to vote on a hotch-potch of recommendations that are not at all coherent, although some have more merit than others. Alternatively, we can refer the whole matter to the Committee on Standards in Public Life, and get accused by the media and the public of kicking it into the long grass. What a choice that is. Why are we in this position? We are in it because the Prime Minister came up with a half-baked and entirely inappropriate set of proposals that sidelined the House of Commons. I think that all hon. Members would agree—even the majority of those on the Government Benches—with the view among people outside the House that this is another fine mess that the Prime Minister has gotten us into. I fail to see how we can get ourselves out of that mess today.

At least the nonsense of the proposed daily allowance has been rejected. That would have given us a clock-in culture, causing people to turn up to Parliament whether they were needed here or not. It would have penalised constituency-focused MPs but, most of all, it would not have been transparent. It would have allowed hon. Members who did not need the money to pocket it and to benefit from it.

We do have principles to follow—the seven principles of public life. The first states:

> "Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends."

We sign claim forms to a similar end, saying:

> "I claim reimbursement of these costs which I incurred wholly, exclusively and necessarily in the performance of my parliamentary duties"

Sadly, we have now thrown that out and have the nonsense about saying that the amounts claimed comply with the Green Book.

On one area I disagree with the hon. Member for Bassetlaw (John Mann). Yes, some of the things that he mentioned are uses of the system, but there have been abuses of the system. If the Prime Minister wanted to show true leadership, he would not have come forward with this half-baked set of proposals sidelining the House of Commons. He would have had the courage to sack those Ministers who have clearly been abusing the system. I am talking about misappropriation of public funds for personal gain. That is precisely what has happened in a number of examples, and it is unacceptable. The sad truth is that there have been abuses, and they have led simply to a slap on the wrist. Is it any wonder that the public have no confidence in us to make this sort of decision?

I shall be voting for some of the measures today because I feel that I cannot in conscience not do so, even though this is a farce. I shall be roundly rejecting the ludicrous suggestion that we can no longer employ our staff—our wonderful staff who serve our constituents with no praise for themselves. I am afraid that we are in a situation that we cannot get ourselves out of today, and the Prime Minister must accept the blame for that.

4.6 pm

Natascha Engel (North-East Derbyshire) (Lab): I want to speak today, more briefly than I had intended, about the fact that we cannot take any decision on expenses because we clearly have a vested interest and therefore a conflict of interest in the financial matters that concern us.

Today's system has evolved over decades, and the problems should have been resolved decades ago. They have not been resolved because there is an assumption that we are honourable Members, but clearly the world outside this Chamber disagrees. We are getting into an ever bigger mess. We need to find today a credible and workable solution; the consequences of not doing so are potentially devastating.

When I knock on doors and hold surgeries, people say the same thing over and again: politicians are all the same, we are in it for ourselves, we are lining our pockets and our snouts are firmly in the trough. The most frightening thing they say, in large numbers, is that they are not going to vote. The only people who benefit from people's disengagement are hate-preaching, anti-political parties such as the British National party. The BNP exploits the failure of mainstream politics. All mainstream politicians should take responsibility for that failure.

We have had plenty of opportunities and we have missed every one. Across the political spectrum, we must now accept that we have failed to do anything about it, and we must seek some professional help from an independent and credible public servant. Sir Christopher Kelly should be allowed to get on with his review of MPs' expenses without interference from us, and his findings should be binding on the House.

We have recently received an invitation from Sir Christopher to send submissions to his committee for consideration. Attached to the invitation was an issues and questions document that outlined the scope of the inquiry. The hon. Member for Leeds, North-West (Greg Mulholland) has just alluded to the seven principles of public life laid out on the first page of the document.

It is worth in the brief time that I have left naming those principles one by one. The first is selflessness. As holders of public office, we should act only in the public interest. We should not do so to gain financial or material benefits for ourselves, our family or our friends. The interpretation of what constitutes the public interest might be open for political debate, but the principle of not being motivated by greed or to advance the interests of our family or friends is straightforward.

The second principle is integrity. We should not place ourselves under any financial or other obligation to outside individuals or organisations that want to influence us. Being a politician, especially a Member of Parliament, is a privilege. There are not many of us in the country, and it is easy to become seduced by power and its trappings. We must remember why we are here—to serve and not to be served. By maintaining our integrity and remembering what we were elected to do, we can go some way towards doing the right thing.

The other principles are objectivity, accountability, openness, honesty and leadership. I want briefly to talk about openness. We should not have tried to exempt ourselves from the Freedom of Information Act 2000, just to avoid personal embarrassment at the publication of our receipts. We took the decision to make those claims against the public purse; we must state why we made those claims, by explaining to people what we do. If people are still unhappy about the claims that we have made, we must take the consequences. At the moment, we retreat and hide. The only right response is to accept that scrutiny and be more open, not less. We should explain our actions and not hope that the media storm will blow over.

The publication of the receipts will be very embarrassing. Every last tiny receipt will be used in every piece of election literature for ever, and every current MP will be affected. It might seem unfair, but that has happened because, until now, we have been working in a system that is not open. It is now our duty as incumbent MPs who are responsible for the current system to do something about it for the generation that follows us, because that generation will be given a chance to uphold the principles of openness in public life.

4.11 pm

Angela Watkinson (Upminster) (Con): I am heartily sick of reading that we are collectively guilty before being proved innocent of dishonesty, greed and corruption. That is deeply offensive to the vast majority of MPs who have integrity and work long and hard in the interests of their constituents. The focus of the debate is entirely on what we receive, or, as the papers describe it so delightfully, what we trouser or pocket: other professionals receive remuneration in return for their services, but MPs have their snouts in the trough, as though we do not work at all and are entitled to nothing. No mention whatever is made of the demands of the job, the long hours, the seven-day working week, the complexity and range of knowledge required or the level of responsibility.

There is the constituency job and the one in Westminster. We forget weekends as others know them. We are on duty in a multitude of different ways, being involved in our local communities and organisations, and we are happy to be so. But heads must roll—the fourth estate demands it—and the tumbrels are rumbling. Outer-London Members have been chosen as the sacrificial lambs, and we are relatively small in number and we may not exert much pulling power as a group.

Upminster is just about as far from Westminster as one can get and still be in London. After working for 12 to 15 hours, it is not reasonable to be expected to arrive home after midnight and return early the next morning; it means having no personal time at all. The presumption that outer-London Members can commute is simply wrong. Nor is it reasonable or appropriate to expect us to live out of suitcase. It would be a thoroughly miserable existence.

If my accommodation allowance is discontinued, I shall have the following the options. I could give up my Westminster flat, which, incidentally, is an ex-Westminster council flat in a rather unlovely 1960s concrete block. It is nothing at all like the image that is created of second homes. It would not be the first choice to live in of many people whom I know.

I could keep my constituency home and commute to Westminster, but that would mean having to reduce my working hours substantially to what other professions would consider normal but would be part-time for a Member of Parliament. It would certainly not be compatible with Whips Office hours.

Alternatively, I could give up my constituency home and live in Westminster, so that I could continue to play a full parliamentary role. I would then have to visit my constituency daily on Fridays, Saturdays and Sundays. During recess, when most of my work is in the constituency, there would be an obvious problem of finding short-term furnished accommodation. None of those arrangements is acceptable.

If outer-London Members are excluded from future accommodation allowances, there will be a return to the days when only people with personal or family wealth could afford to represent outer-London constituencies. The current MP's salary is not enough for an individual to run two homes, one of which is in central London.

Treating MPs collectively with contempt has become a national game, and we have become public enemy No. 1. We have a vocation, not a job, which involves a total loss of personal privacy and a salary that compares badly with the civil service, quangos, local government, the police, the judiciary, the health service and other taxpayer-funded public services—as well as the BBC, that politically neutral public broadcasting company. All those bodies have escaped the level of scrutiny to which Members of Parliament are being subjected. It is unjust that we have been singled out when many people in the publicly funded professions that I have listed earn four and five times as much as we do.

The inevitable changes must be thought through properly. It is quite right that we await the results of the independent Kelly report, although I have reservations about whether a committee made up of people who have not experienced life in Parliament can truly understand the strange life that we lead.

Miss Widdecombe: Does my hon. Friend recall that the last time we had a set of independent recommendations on allowances, the poor souls involved were so deluded that they proposed that we should lose thousands of pounds for every member of staff whom we employed

[Miss Ann Widdecombe]

on the parliamentary estate, and Members on both sides of the House had to reject the recommendation? The recommendation was independent, but it was based on misunderstanding, so we must have the flexibility to challenge any misunderstanding.

Angela Watkinson: My right hon. Friend is right. One needs to experience this life to understand fully what it is like and all its implications.

I will make a personal suggestion, which will be unpopular, that would get us out of all these difficulties and save the taxpayer money at the same time. The accommodation allowance, which is not taxable, should be transferred to salary, which is taxable. MPs would then experience an immediate loss of income equivalent to 40 per cent. of the accommodation allowance—about £10,000 in additional tax liability. That should satisfy the mob feeding frenzy that has been whipped up by the media as national entertainment. That amount could also be made exempt from pension, if necessary. There could be a further saving to the taxpayer, because the administration of the system would be much simpler, and the proposal would prevent gross intrusion into all our personal lives, so I think it would be a price worth paying.

4.17 pm

Mr. Gordon Prentice (Pendle) (Lab): Most of us here get just over £64,000, and I do not complain about it because that is a king's ransom for people in Pendle. The Member for Upminster (Angela Watkinson) made a point about Kelly, but he does not come from the planet Pluto. He will take evidence—the evidence sessions will be held in public—so to ensure that there are no misunderstandings, it will be open to Members to make submissions, and no doubt she will do so.

It is a colossal mistake that we are having the debate at all, and an even bigger mistake to be having any votes. The whole shooting match should be handed over to Kelly. The YouTube was almost too horrible to watch—it was terrible. I was flinching as I watched the performance, and it became obvious that the proposals had not been thought through for one moment.

The Prime Minister's decision was announced to the nation in that way only about 16 hours after a meeting of the parliamentary Labour party, at which we could have been taken into his confidence and said to him, "The daily allowance, Gordon, will not work." All Members then suffered the indignity of hearing an official spokesperson for No. 10 saying about the per diem proposal, to which the Prime Minister was so wedded until recently:

"One of the advantages of the daily allowance is that it does provide them"—

that is us—

"with an incentive to attend"

Parliament. That is disgraceful. I find it offensive that some unnamed source in No. 10 says that we need to be paid a daily allowance to turn up here and do our job.

Christopher Kelly has said—and I agree—that the whole parliamentary expenses issue has been

"the single most damaging issue for public trust in politicians"

in the past 15 years. Who could disagree with that? Colleagues have sheltered behind rules; they said that they had not broken any rules when those rules offended against common sense. People were saying, "We're not going to think the better of you because you obeyed these perverse rules." The rules need to be rewritten—a point made by my friend the Member for Bassetlaw (John Mann).

Sir Christopher Kelly said of parliamentary expenses:

"This is not something that should be left to politicians to sort out for themselves."

When, on 10 February this year, he came before the Public Administration Committee, which my friend the Member for Cannock Chase (Dr. Wright) chairs, he asked:

"should Members of Parliament have the right to set their own pay and allowances...the answer is clearly, no."

We will get out of this mess only if we hand everything over to an independent body, even though some of the recommendations may be uncomfortable. Perhaps there are people who say, "This Parliament is sovereign, so we cannot delegate these decisions to an independent body." I say that they are wrong. I want pay and allowances to be like a devolved matter. When I go to the Table Office and want to table a question about some arcane thing that is happening in Scotland, the Clerk will say, "I am sorry, Mr. Prentice, you cannot table that because it's a devolved matter." Pay and allowances for Members of Parliament should be a devolved matter, and we should have nothing to do with it.

I come to my final point. I have heard a lot of really good speeches today, including from my friend the Member for Sherwood (Paddy Tipping), my friend the Member for North-East Derbyshire (Natascha Engel), who spoke just a moment ago, and of course my friend the Member for Cannock Chase. The system will just turn to dust yet again if, when we get the recommendations from Sir Christopher Kelly, we pick and choose. We have to accept the entire package of recommendations without amendment. That is the way for us to rebuild public trust in this institution, and in us as individual politicians.

4.22 pm

Mr. Bernard Jenkin (North Essex) (Con): I agree with a great deal of what the hon. Member for Pendle (Mr. Prentice) said, but not with his last main point, and not because we are a sovereign House. I ask him to reflect on this: if we cannot trust ourselves, and cannot be trusted by the British people to sort out our own pay and allowances, how on earth can we be trusted with the nuclear deterrent, the state of the economy and the other much more important things with which we are meant to be trusted? My right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) made the sane point that the proposals may be very good, but may require adjustment. However, I agree with the hon. Member for Pendle that if we are to adjust those proposals, we will have to do so with great care.

When the Leader of the House appeared to accept the amendment of my right hon. Friend the Member for North-West Hampshire (Sir George Young), the Chairman of the Select Committee on Standards and Privileges, I thought that we would have an outbreak of real dignity and common sense in the House. Instead,

we have had a scrappy, miserable debate, albeit illuminated by some exceptional speeches. My hon. Friend the Member for Upminster (Angela Watkinson) gave a heartfelt speech. How can Members on the Treasury Bench force through the amendment on Greater London Members having heard that speech? I noted that the Leader of the House kindly came to the Chamber to hear those remarks, and I hope that she will address the issue when she winds up.

Having accepted the amendment of my right hon. Friend the Member for North-West Hampshire, we cannot just go back to a sticking-plaster on the discredited system that is the Green Book. The Green Book is a discredited system, and the failure to accept that fundamental point for some time has got us into more and more problems. Various comments have been made about our allowances and salaries. That is the fundamental problem: what we claim, our expenses, have in fact become part of our remuneration, and the public will never accept that. They will also never accept the special tax rules that we give ourselves. Members ought to try explaining to a small business man in their constituency why we should have rules, with Revenue and Customs, that we would never dream of giving them. There is quite an argument for handing back to HMRC the whole question of what we get and what should and should not be taxed, so that we are treated like ordinary citizens, instead of treating ourselves as special.

We must recognise that those fundamental problems have arisen because we have moved from an age of deference to an age of reference: from an age when people respected institutions for what they purported to be, to an age when people, through the internet and the media, expect individual accountability and exposure in a way that was never accepted before. We are 20 years behind the rest of society in that respect. The denial in respect of the Freedom of Information Act 2000, furthermore, was a crass own goal for which those responsible should take some responsibility. Voters are also angry because MPs appear to cost more and more but to do less and less: shorter hours, longer recesses, less and less power to scrutinise legislation properly, fewer and fewer votes on substantive issues and more and more decisions taken in Whitehall, Brussels and elsewhere.

We must, however, take ultimate responsibility for the outcome. The advantage of the Kelly approach is that he will return to some fundamental principles, and we ought to approach these questions from first principle, instead of trying to patch up the existing system. What is the role of a Member? What does he or she require to do his or her job? What is it legitimate to expect the taxpayer to pay for? How should the system command public confidence?

The great danger, for example, of instantly deciding that a panacea for one of our problems is the direct employment of our staff by the House is that it fundamentally misunderstands the role of a Member. We should be strengthening our ability to make independent judgments on behalf of our constituents and in the interests of our nation, instead of becoming part of a more and more amorphous corporation. We enter the House not to join the establishment but to challenge the establishment, and the independence of our arrangements in our offices is absolutely fundamental to that purpose. The Kelly commission must be made to understand that.

4.27 pm

Hugh Bayley (City of York) (Lab): Ever since I have been a Member, I have found it invidious to have to vote on my pay and allowances. We should delegate that responsibility to others, and I welcome the decision to refer the question to Sir Christopher Kelly's committee. If we refer matters to an independent body, we should respect its independence and not seek to micro-manage its work or to tell it what conclusions to reach. The wisest course for the House would be to pass the proposition tabled by the right hon. Member for North-West Hampshire (Sir George Young) and accepted by the Government, and then to let the other questions lie on the Table.

I have tabled an amendment to motion 4(1) which seeks to improve the pension entitlement of MPs' staff, but, to be consistent with what I have just said, I shall not press my amendment if it is called. However, I wish to discuss the questions that underlie it, because I should like them to be considered by the Committee on Standards in Public Life and the House of Commons Commission.

My staff are extremely important to me; I simply could not do my job on behalf of my constituents without their support. My staff research, draft and type more than 1,000 letters a month to and on behalf of my constituents, and they do a great deal of other work in my constituency on their behalf. The House staff are important, too. The text of my amendment was drafted by Clerks and, at this very moment, a Library researcher is looking into a question for me. Both the House staff and Members' own staff are paid from the House budget, but there is a glaring discrepancy in their terms of employment. House staff benefit from a public sector final salary pension scheme, while our staff are entitled to join a stakeholder scheme, the Portcullis pension plan, or, if they have served us rather longer, that or some other money purchase scheme of their choosing.

I give as an example the situation of one of my members of staff, who has worked for me for the 17 years that I have been in Parliament and who is paid on one of the higher pay scales for Members' staff. After 17 years of pension contributions, when she reaches the age of 60, she will have earned, through the money purchase scheme, a pension of about £2,900 per year, which is only partly index linked. Because she is in a money purchase scheme, she is also entitled to receive a state second pension—I am glad that this Labour Government brought that in—which will perhaps increase her pension entitlement by some £3,000 a year. I asked the Department of Resources to calculate what a House of Commons employee on a similar pay point with the same length of service would have earned in the House of Commons pension scheme. It is difficult, of course, to compare one pension scheme with another, but its best estimate is that she would have earned, at age 60, a pension of some £8,000; and the House of Commons scheme is fully index linked.

MPs' staff are clearly at a disadvantage, but it is not, in my view, a huge and unfundable disadvantage. I was reassured when my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) said that the House of Commons Commission would consider the pension entitlement of MPs' staff when considering the case for transferring them to the House of Commons payroll. I recognise that cost is an important consideration, and

[Hugh Bayley]

that serious questions are being asked in this House, and in the country as a whole, about the continuing affordability of public sector final salary schemes. However, I hope that the Commission will consider both the practicability of allowing MPs' staff to join the House of Commons staff pension scheme and alternative ways of improving their pension entitlement. They are public servants who are as important to the public in our constituencies as any other staff of the House, and they should not be disadvantaged.

I have not spoken often in debates about Members' allowances because, as I said, I think that it is invidious for us to make decisions about our own pay and conditions. However, that does not apply to the pay and conditions of our staff; indeed, we have a responsibility openly and transparently to make decisions about how they should be remunerated and to see that they are properly and fairly remunerated.

4.32 pm

Jo Swinson (East Dunbartonshire) (LD): Some Members will know that I am a bit of a fan of new technology. I like using podcasts, Twitter and Facebook to engage with my constituents. In particular, I have campaigned in the House—for example, through early-day motion 1319—to allow clips of Parliament to be shown on YouTube. Perhaps, amid all the criticism, we should commend the Prime Minister for at least trying to embrace new technology—although, sadly, he has not quite got the hang of it. He said in his YouTube video that he wanted to hear the public's views on MPs' expenses, but then did the online equivalent of putting his hands over his ears by disabling the comment function. That does not make sense.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I share the hon. Lady's enthusiasm for new technology, but my fundamental objection to the Prime Minister's appearance on YouTube is that, instead, he or the Leader of the House should have come to this House and made a statement that could have been questioned.

Jo Swinson: The hon. Lady has made her point.

It is certainly true that there were many concerns about the procedural way in which this matter came to our attention. The concept of the Government trying to reach out more through electronic technology is, in itself, a good one, but it has to be done properly. The Prime Minister does not really "do" listening. Instead, in a frantic rush to be seen to be doing something—anything—about this issue, he did not stop to think whether he was doing the wrong thing. We ended up with that ridiculous proposal, apparently intended to try to promote better transparency, to give us the cash, no questions asked, for turning up at the House of Commons. I am very glad that that did not make it on to today's Order Paper. However, there is no denying that the Government's confusion, U-turns and general lack of consultation have been deeply unhelpful to the whole debate.

I have a certain sympathy with the Leader of the House. She has been sent here to attempt to clear up this whole disastrous episode, which is not an easy job. I have a lot of sympathy also with those who have said that it does not make any sense for us to vote on the later motions if the Government accept the amendment to the first. It is slightly farcical for us to say, "Leave it all to Kelly" but then have those votes.

It would have been better if a small number of urgent changes had been consulted on properly, introduced and enacted with the minimum of fuss. Instead we have had a mix of some good changes, many half-baked ideas and some changes that would just have made the whole system murkier. That said, we all know the depth of public anger on this issue. Given the motions before us, if the Government intend to press them, and given that the Kelly report might not be completed until the end of the year and therefore the changes might not come in until well into 2010, we must consider whether it is justifiable to vote today against measures that would clamp down on some of the abuses of the system. I think not.

Motion 5, in particular, is long overdue. Rather than saying that something under £25 does not need a receipt, ensuring that receipts should be provided for every expense that we incur in our parliamentary duties seems to be common sense. I have called for that before in the House, and I will certainly support it today. Most of our constituents cannot understand why there is a different rule in the House of Commons from that in the real world. In most jobs, expense claims are accompanied by receipts as a matter of course.

We can clearly deal with some problems today, but many more complex reforms are needed. As many hon. Members have said, the House of Commons has sadly shown itself not to be very well tasked with making those reforms or up to the job, whether in the vote last July that kicked out the reforms proposed by the Members Estimate Committee, the Government's attempts to keep everything secret back in January or even the mess that has been created over the past 10 days. That is why the independent review by Sir Christopher Kelly is so important.

I am sure that all Members have had constituents raise with them many other issues of concern, particularly on second homes. People do not understand the designation of second homes, and why it seems to be possible for that to be decided on for the convenience of the MP involved. That clearly has to change. The John Lewis list caused huge public outcry and anger, and there is the problem of MPs making capital gains from properties partly funded by the taxpayer. I know that some in the House make the argument, which I understand, that it is often cheaper for the taxpayer to pay the mortgage interest on a bought property. I am sure that the flat that I rent may cost more, particularly with interest rates as they are, than the flats that some hon. Members have bought and claimed mortgage interest on. But surely it would not be impossible to design a system whereby the House of Commons had a portfolio of accommodation, so that the House would benefit from the capital gains and, over time, the cost to the taxpayer would actually reduce.

We will all make our own representations to the Kelly review, but it is absolutely clear that the best way to proceed is to have an impartial arbiter to make a comprehensive set of proposals that we can use to start rebuilding public trust. Transparency has to be a fundamental principle of any system of MPs' expenses, because then whatever the system is, if there are problems

with it, they will very soon come to attention and be nipped in the bud. That is why I will vote today to increase transparency in the expenses system.

4.38 pm

Alan Simpson (Nottingham, South) (Lab): I am standing down at the next election, so it would be very easy for me to say, "A plague on everyone's houses" and let the House get on with it, but my comments will be about the defence of Parliament more than that of parliamentarians. That is why it is important for me to say that we need to hand the matter over to the Kelly committee and sign up to applying whatever Kelly comes back with. We cannot be the judge and jury on our own allowances and pay.

I shall limit myself to three points. The first is to take issue with the daily allowance idea, which was as offensive as it was absurd. To understand the absurdity, let us turn the matter around for a moment. The problem with life in this Chamber and the workings of Parliament is to be found not in the attendance of MPs but in the problem of getting the Government to turn up. If the daily allowance had been applied to the Government on the basis of the number of times that we were presented with substantive legislation on big issues, which we had the right to debate and vote on, there would have been large parts of the parliamentary year when the Government themselves would have been existing on jobseeker's allowance. Getting the Government, rather than getting Parliament, to turn up is the central problem.

My second point is about scrutiny and the existing system. There is much to commend the existing system—the failure has been ours, through our scrutiny and our penalties. My long-time friend and mentor, Tony Benn, said on many occasions that parliamentary democracy is held in check between the polling station and the police station. Our failure to deal with the most obscene transgressions by our colleagues and to impose penalties, including the loss of the right to be a Member of Parliament and the right to refer matters to the police for criminal prosecution, has allowed us to be dragged into the current mess.

However, I do not want us to end up in a position that is simply a continuation of today's. I would have disagreements with colleagues of all parties about many policy areas and I can think of a series of benchmarks against which I would want Members of Parliament to be judged, but I am very clear about the benchmark against which I do not want a single Member of Parliament to be judged, and that is this object that I am holding—the bath plug. I hope that hon. Members accept that that implies no particular relationship between the Home Secretary and me.

The bath plug did not vote to take us into an illegal war on Iraq; it would not vote to renew Trident; it did not introduce tuition fees; it would not privatise the Post Office, and it would not turn its back on climate change. Parliament addresses those issues, and to defend Parliament we, as parliamentarians, must go beyond the strictures of today's limited debate and understand that our failure to tackle the big issues that affect people's lives has degraded and devalued politics to the level of the bath plug.

If Parliament cannot rise to defend something bigger than ourselves, not only Members of Parliament but Parliament itself will go down the plug hole.

Madam Deputy Speaker (Sylvia Heal): I advise hon. Members that the winding-up speeches will start at 4.45 pm. Perhaps they will bear that in mind.

4.42 pm

John Bercow (Buckingham) (Con): It is a pleasure to follow the hon. Member for Nottingham, South (Alan Simpson). The debate has been good and stimulating and I want to add only three observations.

First, I note that Sir Christopher indicates he does not intend to focus significantly on MPs' pay. He feels that it falls outwith his scope. My view is that it would make sense for him independently to consider pay, including, in the light of a series of comparators, the possibility of a significant increase in pay, accompanied by an absolute ban in future on outside interests. I think it would be good if Sir Christopher considered that.

Secondly, I agree with the Leader of the House that agreeing to Sir Christopher's review should not, of itself, preclude any other decisions today. I agree with the hon. Member for Somerton and Frome (Mr. Heath) that a referral for overall long-term decision making is not incompatible with dealing with some of the simpler and urgent matters today. They are not mutually exclusive. My right hon. Friend the Leader of the Opposition said as recently as 1 April that agreement on some matters was needed now and that we should sort it. I agreed with him then and I agree with him now.

My third point is perhaps an illustration of the second—that there are some matters on which we can act immediately. A case in point is the requirement to disclose much more information about outside interests. That is a compelling point. I declare an interest—I have one outside interest, which is listed in the register, but I am entirely open to the view that thou shalt declare more about it, and answer questions such as the following: "What exactly do you do? When were you appointed? What is your role? How long do you devote to it? How frequently do you visit the company concerned?" That seems perfectly reasonable. I acknowledge that there are those who believe it legitimate to spend day upon day or week upon week away from the House, earning vast sums of money, and that the public should not be entitled to know about it. They are entitled to that view, but I disagree with it.

4.45 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I thank all the speakers who have taken part in today's debate.

We are all agreed that this debate is about a crucial issue that has gone on for far too long. We are agreed that it needs sorting out so that we can have a system that is transparent and open. We must have a new system that has the confidence not only of hon. Members but of the public. It is important that we decide on what is right, rather than seeking to gain short-term political advantage for one particular party.

We on the Conservative Benches agree with some of the measures that have been put forward on today's Order Paper. However, there is an element of lunacy when there are motions that are inconsistent with each other. It is vital that we sort the issue out. As the hon. Member for Sherwood (Paddy Tipping) said so eloquently, we cannot go on like this. If the matter is not sorted and

[Mr. Shailesh Vara]

sorted quickly, the hon. Member for Cannock Chase (Dr. Wright) will be right when he says that it contaminates everything else that we do, a point that was echoed by my hon. Friend the Member for Daventry (Mr. Boswell), who said that the issue has a corrosive effect on public trust.

Most of us present welcome the concession made by the Leader of the House in accepting the amendment tabled by my right hon. Friend the Member for North-West Hampshire (Sir George Young), who does a sterling job as the Chairman of the Standards and Privileges Committee. It is right that the matter should be considered by Sir Christopher Kelly and his Committee on Standards in Public Life, away from the political heat and the political climate.

My right hon. Friend made a typically eloquent speech in which he was not only thoughtful but quite rightly pointed out that it was wrong for the Prime Minister to give an oral statement on YouTube, rather than giving an oral statement to the House. When my right hon. Friend said that, he echoed the sentiments of many in the House, who felt that by doing that the Prime Minister was truly playing politics.

The hon. Member for Huddersfield (Mr. Sheerman) spoke about the leaders of the three political parties working together. He is right to say that they should, but it is important that the Prime Minister consult them before he comes to his conclusion. It is not good enough for him simply to invite the leader of the Conservative party and the leader of the Lib Dems and tell them what he wants done. That is not consultation; it is bullying, and that is one of the reasons why we are in the mess that we are in today. I am pleased to say that that sentiment was echoed in all parts of the House. Indeed, it was summed up by the hon. Member for Pendle (Mr. Prentice), who said that the Prime Minister's performance on YouTube was simply too horrible to watch.

There have been a number of speeches which I shall try to sum up in the few minutes that I have left, because I am keen to ensure that the Deputy Leader of the House also has a fair opportunity to sum up.

The hon. Member for Middlesbrough (Sir Stuart Bell) made a typically valuable contribution to the House, in the light of his experiences from the Committees on which he serves, and it was appreciated by all who were privileged to listen to it.

The hon. Member for Walsall, North (Mr. Winnick) was right to point out the need for allowances. It is important that the public recognise that we are not talking simply about a large sum of money that we trouser or about another way of increasing our salary. We need the allowances, but the important point is that they should be transparent and open to scrutiny by anyone.

My hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) also spoke of the need for allowances, but added that if it were not for the benefit of allowances, entry to this House would be confined to those who are wealthy. That would be a retrograde step, because if this House is to be truly democratic, it must have people from all walks of life and all backgrounds. The allowances are there to ensure that that happens in the 21st century.

My hon. Friend the Member for Upminster (Angela Watkinson) made a powerful speech, and her sentiments were echoed on both sides of the House. She rightly said that the vast majority of Members of Parliament were here to do the best possible job that they could, and that they should not be treated as corrupt. We simply come here to serve our constituents to the best of our ability, and to make what little contribution we can to our country. If we can make the world a better place, that will be a bonus.

The hon. Member for City of York (Hugh Bayley) rightly touched on the issue of staffing, which was echoed by other Members. That is an important issue and it will need to be resolved. My hon. Friend the Member for North Essex (Mr. Jenkin) made a speech that touched on the credibility of Members of Parliament—again, a theme that had been previously addressed. He expressed himself eloquently, as he always does when he speaks from the Back Benches.

The hon. Member for Nottingham, South (Alan Simpson) eloquently summed up the view of many people. He said that we come here to do the best possible job that we can for our constituents and our country, and that there is a hell of a lot more to what we do than can be summed up simply by looking at a bath plug. We are here to do far greater things. The hon. Member for North-East Derbyshire (Natascha Engel) spoke of the need to be more open, not less. The concluding comments came from my hon. Friend the Member for Buckingham (John Bercow), who is capable of speaking at length but, when required to do so, can speak with brevity as well. He certainly did that today.

This is a crucial issue. It has been going on for far too long, and it is vital that Members of Parliament recognise that unless we resolve it quickly, we will lose every element of credibility with the public.

4.52 pm

The Deputy Leader of the House of Commons (Chris Bryant): I hope that right hon. and hon. Members will understand if I do not canter through all the contributions that have been made this afternoon. Instead, I will try to answer the specific questions that have been raised.

It has been clear throughout the debate that all hon. Members favour the idea of sending this important issue to the Committee on Standards in Public Life, and of ensuring that its independence can reinforce the confidence that the public can have in the system of allowances that we have in the House. All hon. Members have already had a copy of the issues paper sent out by the Committee, and I am sure that they will want to commend the Committee for the work that it has started to do. They might also wish to reflect on the Committee's comment on the rising tide of criticism of the present system. It states:

> "This is an unhealthy situation for democracy. It must also be very disheartening for all those many MPs who perform their duties to the best of their ability with diligence and integrity."

That is what everyone has been saying today.

My right hon. and learned Friend the Leader of the House has already made it clear that, because of the unanimity on the issue of referring the matter to the independent Committee, we are more than happy to accept the amendment tabled by the right hon. Member for North-West Hampshire (Sir George Young), the

Chair of the Committee on Standards and Privileges, and by the other members of his Committee. I understand that some Members think we should therefore do nothing more today. I would merely note that the hon. Member for North-West Cambridgeshire (Mr. Vara) has just said that this has gone on for far too long, and that we need to take action. My hon. Friend the Member for Sherwood (Paddy Tipping) said that change was necessary and that we needed to achieve it quickly. The hon. Member for Somerton and Frome (Mr. Heath) said that we could not get away from the urgency of dealing with this matter. So I hope that we will move forward on the series of additional measures beyond that first one.

Mr. Jenkin: Will the hon. Gentleman give way?

Chris Bryant: I will not. The hon. Gentleman knows that I would normally want to be as generous as I can, but we have very little time, and I have a series of issues that I want to clear up. I apologise to him.

First, it is right that we move forward on two matters on which Members of all political parties in the House today agree: namely, putting the allowances claimable by outer-London MPs on the same footing as that for inner-London MPs, and reducing the threshold from £25 to zero for receipts for claims. The hon. Member for East Dunbartonshire (Jo Swinson) was the last person in the debate specifically to mention the need for receipts for claims right down to zero. I also think it is only appropriate that we should be giving advance notice to all those affected by the changes in allowances claimable for outer-London MPs, which is what our measure today would do if carried.

I also hope that we will be able to move forward on the issues related to transparency. Virtually every MP who has spoken today has said that they believe in far greater transparency in the way we do our business. That means that we should be moving forward, so that not only the public but Sir Christopher Kelly's committee can have a full understanding of precisely the level of remunerated employment and directorships enjoyed by MPs.

I do not like to disagree with the Chairman of the Standards and Privileges Committee, the right hon. Member for North-West Hampshire, but I do disagree with his interpretation of our motion. We have made it clear that the new threshold of zero does not apply to gifts and hospitality—in other words, to category 5 in the register. That is why I very much hope that all MPs will feel able to support that motion.

I also oppose the amendment that would remove the registration of the amount of time than an MP devotes to additional responsibilities and remunerated employment outside the House. I believe it is legitimate for constituents to understand how much of our time we choose to commit to the House and how much we choose to commit to other remunerated employment.

On staffing, there are many issues on which the House can agree. First, our staff are absolutely vital to the work that we do. None of us could fulfil the modern job of an MP without staff. Secondly, the terms and conditions that our staff enjoy should at least be protected by any changes that may be made in the future. Thirdly, it must be a matter of personal appointment by the individual MP as to who comes to work in their office because the relationship between an MP and their staff is intrinsically a matter of trust. It should be for the MP to manage their staff as they see fit.

Many other questions have been asked this afternoon and I will not be able to answer all of them. My hon. Friend the Member for City of York (Hugh Bayley) asked about staff pensions. Questions about what contracts might need to be renegotiated have also been asked. We need to be absolutely clear that the motion merely asks the House of Commons Commission within the next six months to bring forward concrete proposals that I hope we could then put to the House for formal agreement.

In addition, many hon. Members who are to leave the House at the next election have been concerned that there will be changes to the winding-up allowance. There is no recommendation that there should be any change to the winding-up allowance. *[Interruption.]* I see the right hon. Member for Maidstone and The Weald (Miss Widdecombe) is seeking an assurance on this point. I very much hope that I can provide precisely the reassurance that she needs.

Miss Widdecombe: For the staff?

Chris Bryant: For the staff, indeed.

I hope we will take several significant steps today. First, we should refer the matter of our allowances to the independent Committee on Standards in Public Life. Secondly, we should reform the structure of allowances for outer-London MPs. Thirdly, we should ensure far greater transparency on Members' directorships and remunerated employment. Fourthly, we should ensure that receipts are provided for all claims. Fifthly, we should start the work on the employment of staff. The country and our constituents expect no less from us.

5 pm

The Speaker put the Question (Order, 29 April), That the amendment be made.

Question agreed to.

Amendment (j) accordingly agreed to.

The Speaker then put the Questions necessary for the disposal of the business to be concluded at that time (Order, 29 April).

Main Question, as amended, put and agreed to.

Resolved,

That this House welcomes the Prime Minister's decision of 23 March 2009 to invite the Committee on Standards in Public Life to inquire into Members' allowances; believes that in order to command maximum public support for change the House should defer its conclusions until after the Committee has reported; and further believes it would be desirable for the House to have an opportunity to consider any recommendations from the Committee as early as possible.

Alan Duncan: On a point of order, Mr. Speaker. In order for us better to understand our proceedings, I note that an amendment has been made to a motion without any opposition in the House—what might loosely be called unanimous support. May I ask whether there is any precedent for an amendment of exactly the same words not being allowed to be applied to subsequent motions?

Mr. Speaker: In order to help the hon. Gentleman, it was explained earlier that the following motions can be voted against. The House can negate them if it so wishes. *[Interruption.]* The right hon. Member for Maidstone and The Weald (Miss Widdecombe) was very good at being a Home Office Minister, but she should let me do the chairing. She will find it easier.

Miss Widdecombe: On a point of order, Mr. Speaker. As a mere ex-Home Office Minister, I do not have a clue about all these matters, so perhaps you could enlighten me. How can we have an amendment accepted that says that we will not take any decisions until Kelly has reported and at one and the same time take a decision that will be binding?

Mr. Speaker: I am obliged by the House to put these motions. *[Interruption.]* The right hon. Lady asks me a question and she is still talking. I will answer her. There was an amendment to the question on Members' allowances, and it was unanimously carried. That is done. We now move on to motion 2 on Members' allowances for Greater London. There is no amendment selected to that. It is up to the House either to vote for it or negate it.

Peter Bottomley (Worthing, West) (Con) *rose—*

Mr. Speaker: I am obliged by the rules of the House to put the question at 5 o'clock. I have given clarification to two Members, and we will leave it at that.

MEMBERS' ALLOWANCES (GREATER LONDON)

Motion made, and Question put,

That, with effect from 1 April 2010, no distinction shall be made for the purposes of the rules governing Members' allowances between an hon. Member who represents an inner-London constituency and an hon. Member who represents any other constituency the whole of which falls within 20 miles of the Palace of Westminster.—*(Chris Bryant.)*

The House divided: Ayes 355, Noes 39.

Division No. 105] **[5.2 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barrett, John
Battle, rh John
Beckett, rh Margaret
Beith, rh Sir Alan
Bell, Sir Stuart
Benton, Mr. Joe
Bercow, John
Berry, Roger
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Bone, Mr. Peter
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Clapham, Mr. Michael
Clark, Greg
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crabb, Mr. Stephen
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Djanogly, Mr. Jonathan
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Duddridge, James
Duncan, Alan
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francois, Mr. Mark
Galloway, Mr. George
Gardiner, Barry
Gauke, Mr. David
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Gove, Michael
Greening, Justine
Griffith, Nia
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harvey, Nick
Healey, rh John
Heath, Mr. David
Hendrick, Mr. Mark
Hendry, Charles
Heppell, Mr. John
Herbert, Nick
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hoban, Mr. Mark
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hollebone, Mr. Philip
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Hosie, Stewart
Howarth, David
Howells, rh Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hurd, Mr. Nick
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Lancaster, Mr. Mark
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Letwin, rh Mr. Oliver
Levitt, Tom
Linton, Martin
Lloyd, Tony

Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Milton, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mulholland, Greg
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oaten, Mr. Mark
Olner, Mr. Bill
Osborne, Mr. George
Owen, Albert
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Plaskitt, Mr. James
Pound, Stephen
Price, Adam
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, David
Simpson, Mr. Keith
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vara, Mr. Shailesh
Vaz, rh Keith
Walley, Joan
Ward, Claire
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Bob Blizzard and Steve McCabe

NOES

Amess, Mr. David
Arbuthnot, rh Mr. James
Cairns, David
Chope, Mr. Christopher
Cormack, Sir Patrick
Curry, rh Mr. David
Davies, Mr. Dai
Dismore, Mr. Andrew
Fraser, Christopher
Gibson, Dr. Ian
Havard, Mr. Dai
Hogg, rh Mr. Douglas
Hopkins, Kelvin
Howard, rh Mr. Michael
Jenkin, Mr. Bernard
Lait, Mrs. Jacqui
Luff, Peter
Main, Anne
McGovern, Mr. Jim
Öpik, Lembit
Prentice, Mr. Gordon
Sheerman, Mr. Barry
Shepherd, Mr. Richard
Simpson, Alan
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Tipping, Paddy
Wareing, Mr. Robert N.
Widdecombe, rh Miss Ann
Winterton, Ann
Winterton, Sir Nicholas
Wood, Mike
Wright, Mr. Anthony
Young, rh Sir George

Tellers for the Noes:
Mr. Greg Knight and Peter Bottomley

Question accordingly agreed to.

REGISTRATION OF MEMBERS' FINANCIAL INTERESTS

Motion made, and Question proposed,

(1) That, for the purpose of complying with the Resolution of the House of 22 May 1974 relating to Registration of Members' Financial Interests, in respect of interests falling within Category 1 (Directorships), Category 2 (Remunerated employment, office, profession, etc) or Category 3 (Clients), hon. Members shall furnish the Registrar with the following particulars—

(a) the precise amount of each individual payment made in relation to any interest,

(b) the nature of the work carried out in return for that payment,

(c) the number of hours worked during the period to which the payment relates, and

(d) except where disclosure of the information would be contrary to any legal or established professional duty of privacy or confidentiality, the name and address of the person, organisation or company making the payment;

(2) That such interests shall be registered whether or not their value in any given year exceeds one per cent. of the current Parliamentary salary;

(3) That the provisions of this Resolution shall apply whether or not the interest in question depends essentially upon, or arises out of, the hon. Member's position as a Member of Parliament; and

(4) That the provisions of this Resolution shall come into effect on 1 July 2009.—*[Chris Bryant.]*

Mr. Speaker: Does the hon. Member for South Staffordshire (Sir Patrick Cormack) wish to move amendment (g)?

Sir Patrick Cormak: I wish just to vote against the whole thing, Mr. Speaker.

Mr. Speaker: Not moved.

Question put.

The House divided: Ayes 305, Noes 31.

Division No. 106] **[5.15 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Bell, Sir Stuart
Benton, Mr. Joe
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Cawsey, Mr. Ian
Challen, Colin
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Galloway, Mr. George
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Healey, rh John
Heath, Mr. David
Hendrick, Mr. Mark
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hollobone, Mr. Philip
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Hosie, Stewart
Howarth, David
Howells, rh Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Mason, John
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mulholland, Greg
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pound, Stephen
Price, Adam
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Robertson, Angus
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth

Thomberry, Emily
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Bob Blizzard and Steve McCabe

NOES

Amess, Mr. David
Arbuthnot, rh Mr. James
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Cormack, Sir Patrick
Curry, rh Mr. David
Dismore, Mr. Andrew
Fraser, Christopher
Harvey, Nick
Havard, Mr. Dai
Hogg, rh Mr. Douglas
Howard, rh Mr. Michael
Jenkin, Mr. Bernard
Kawczynski, Daniel
Knight, rh Mr. Greg
Luff, Peter
McGovern, Mr. Jim
Oaten, Mr. Mark
Öpik, Lembit
Prentice, Mr. Gordon
Soames, Mr. Nicholas
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Tipping, Paddy
Wareing, Mr. Robert N.
Widdecombe, rh Miss Ann
Winterton, Ann
Winterton, Sir Nicholas
Wood, Mike
Young, rh Sir George

Tellers for the Noes:
Peter Bottomley and Mrs. Jacqui Lait

Question accordingly agreed to.

MEMBERS' STAFF

Motion made, and Question proposed,

(1) That, in the opinion of this House, staff who work for an hon. Member should be employed by the House, as a personal appointment and managed by the hon. Member; and

(2) That the House of Commons Commission shall consider this decision and make recommendations for its implementation, including any transitional provisions which may be necessary, by 29 October 2009.—*(Chris Bryant.)*

Amendment proposed: (a), leave out paragraph (1).—*(Mr. Heath)*

Question put, That the amendment be made.

The House divided: Ayes 96, Noes 285.

Division No. 107] **[5.26 pm**

AYES

Ainger, Nick
Alexander, Danny
Barrett, John
Beith, rh Sir Alan
Betts, Mr. Clive
Bone, Mr. Peter
Bottomley, Peter
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clarke, rh Mr. Charles
Clegg, rh Mr. Nick
Cormack, Sir Patrick
Curry, rh Mr. David
Davey, Mr. Edward
Fallon, Mr. Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Foster, Mr. Don
Gidley, Sandra
Goldsworthy, Julia
Gummer, rh Mr. John
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hoey, Kate
Hogg, rh Mr. Douglas
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Jenkin, Mr. Bernard
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Luff, Peter
Mactaggart, Fiona
Main, Anne
Mason, John
McGovern, Mr. Jim
Moore, Mr. Michael
Mulholland, Greg
Munn, Meg
Oaten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Pelling, Mr. Andrew
Prentice, Mr. Gordon
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Robertson, Angus
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Sheerman, Mr. Barry
Simpson, Alan
Soames, Mr. Nicholas
Spink, Bob
Steen, Mr. Anthony
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Wareing, Mr. Robert N.
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Sir Robert Smith and Mark Hunter

NOES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bacon, Mr. Richard
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Bercow, John
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Bradshaw, Mr. Ben
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burns, Mr. Simon
Burt, Alistair
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cameron, rh Mr. David
Campbell, Mr. Alan
Cawsey, Mr. Ian
Clapham, Mr. Michael
Clark, Greg
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette

Cousins, Jim
Crabb, Mr. Stephen
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Duddridge, James
Duncan, Alan
Eagle, Angela
Eagle, Maria
Efford, Clive
Elliman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Fabricant, Michael
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francois, Mr. Mark
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Gove, Michael
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hammond, Mr. Philip
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hendry, Charles
Heppell, Mr. John
Herbert, Nick
Hermon, Lady
Hewitt, rh Ms Patricia
Hill, rh Keith
Hoban, Mr. Mark
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Hoon, rh Mr. Geoffrey
Hope, Phil
Howells, rh Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hurd, Mr. Nick
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lammy, rh Mr. David
Lancaster, Mr. Mark
Lazarowicz, Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Dr. Julian
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Malik, Mr. Shahid
Maltaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Milton, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Mr. George
Owen, Albert
Paterson, Mr. Owen
Pearson, Ian
Penning, Mike
Pound, Stephen
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Reed, Mr. Jamie
Robathan, Mr. Andrew
Robertson, Hugh
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rosindell, Andrew
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Simon, Mr. Siôn
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Tami, Mark
Taylor, Ms Dari
Taylor, Mr. Ian
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vara, Mr. Shailesh
Vaz, rh Keith
Walley, Joan
Ward, Claire
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wyatt, Derek

Tellers for the Noes:
Mr. Bob Blizzard and Steve McCabe

Question accordingly negatived.

Main Question put.

The House divided: Ayes 280, Noes 100.

Division No. 108] **[5.38 pm**

AYES

Afriyie, Adam
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Bercow, John
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy

Burns, Mr. Simon
Burt, Alistair
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cameron, rh Mr. David
Campbell, Mr. Alan
Cawsey, Mr. Ian
Clapham, Mr. Michael
Clark, Greg
Clark, Paul
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crabb, Mr. Stephen
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Duddridge, James
Duncan, Alan
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Fabricant, Michael
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francois, Mr. Mark
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Gove, Michael
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hammond, Mr. Philip
Hammond, Stephen
Hanson, rh Mr. David
Harman, rh Ms Harriet
Hayes, Mr. John
Healey, rh John
Hendrick, Mr. Mark
Hendry, Charles
Heppell, Mr. John
Herbert, Nick
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hoban, Mr. Mark
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hollobone, Mr. Philip
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, David
Howells, rh Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hurd, Mr. Nick
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lammy, rh Mr. David
Lancaster, Mr. Mark
Lazarowicz, Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Dr. Julian
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Milton, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Mr. George
Owen, Albert
Paterson, Mr. Owen
Pearson, Ian
Penning, Mike
Plaskitt, Mr. James
Pound, Stephen
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Robathan, Mr. Andrew
Robertson, Hugh
Robinson, Mr. Geoffrey
Rosindell, Andrew
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vara, Mr. Shailesh
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Wiggin, Bill
Willetts, Mr. David
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wyatt, Derek

Tellers for the Ayes:
Steve McCabe and Mr. Bob Blizzard

NOES

Ainger, Nick
Alexander, Danny
Anderson, Janet
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Barrett, John
Beith, rh Sir Alan
Betts, Mr. Clive
Bone, Mr. Peter
Bottomley, Peter
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Cairns, David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Challen, Colin
Chope, Mr. Christopher
Clarke, rh Mr. Charles
Clegg, rh Mr. Nick
Clelland, Mr. David
Cook, Frank
Cormack, Sir Patrick
Curry, rh Mr. David
Davey, Mr. Edward
Dowd, Jim
Fallon, Mr. Michael
Farrelly, Paul

Farron, Tim
Foster, Mr. Don
Gidley, Sandra
Goldsworthy, Julia
Gummer, rh Mr. John
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hogg, rh Mr. Douglas
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jenkin, Mr. Bernard
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Lepper, David
Luff, Peter
Mactaggart, Fiona
Main, Anne
Mason, John
McGovern, Mr. Jim
Moore, Mr. Michael
Mulholland, Greg
Munn, Meg
Oaten, Mr. Mark
Opik, Lembit
Ottaway, Richard
Pelling, Mr. Andrew
Prentice, Mr. Gordon
Price, Adam
Reid, Mr. Alan
Robertson, Angus
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Smith, Sir Robert
Steen, Mr. Anthony
Stunell, Andrew
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Tipping, Paddy
Turner, Mr. Andrew
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Williams, rh Mr. Alan
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wood, Mike
Young, rh Sir George

Tellers for the Noes:
Richard Younger-Ross and Mr. Andrew Dismore

Question accordingly agreed to.

MEMBERS' ALLOWANCES (EVIDENCE OF EXPENDITURE)

Motion made, and Question put,

That, in respect of any claim for payment made by an hon. Member after 1 July 2009 in relation to any allowance or expenditure for which documentary evidence is required, such evidence shall be required regardless of the sum concerned.—*(Chris Bryant.)*

The House divided: Ayes 348, Noes 22.

Division No. 109] **[5.50 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bacon, Mr. Richard
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barrett, John
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Bell, Sir Stuart
Benton, Mr. Joe
Bercow, John
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunt, Mr. Crispin
Bradshaw, Mr. Ben
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Clapham, Mr. Michael
Clark, Greg
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crabb, Mr. Stephen
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Duddridge, James
Duncan, Alan
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Fabricant, Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francois, Mr. Mark
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Gove, Michael
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hammond, Stephen
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Healey, rh John
Heath, Mr. David
Hendrick, Mr. Mark
Hendry, Charles
Heppell, Mr. John
Herbert, Nick
Hermon, Lady
Hesford, Stephen
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Hosie, Stewart
Howarth, David
Howells, rh Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hurd, Mr. Nick
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq

Kidney, Mr. David
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lamb, Norman
Lammy, rh Mr. David
Lancaster, Mr. Mark
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Leigh, Mr. Edward
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Main, Anne
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Mason, John
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Milton, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mulholland, Greg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olsen, Mr. Mark
Oliver, Mr. Bill
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paterson, Mr. Owen
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Plaskitt, Mr. James
Pound, Stephen
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robinson, Mr. Geoffrey
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Selous, Andrew
Shaw, Jonathan
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vara, Mr. Shailesh
Vaz, rh Keith
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Bob Blizzard and Steve McCabe

NOES

Arbuthnot, rh Mr. James
Clelland, Mr. David
Cormack, Sir Patrick
Curry, rh Mr. David
Dismore, Mr. Andrew
Gummer, rh Mr. John
Havard, Mr. Dai
Howard, rh Mr. Michael
Kirkbride, Miss Julie
McGovern, Mr. Jim
Öpik, Lembit
Prentice, Mr. Gordon
Sheerman, Mr. Barry
Simpson, Alan
Steen, Mr. Anthony
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Winterton, Ann
Winterton, Sir Nicholas
Wood, Mike
Young, rh Sir George

Tellers for the Noes:
Mr. Christopher Chope and Mr. Andrew Turner

Question accordingly agreed to.

MEMBERS ESTIMATE COMMITTEE (AMENDMENT OF THE GREEN BOOK)

Ordered,

That Standing Order No. 152D (House of Commons Members Estimate Committee) shall be amended in line 10 by inserting after 'House' the words 'and the Guide to Members' Allowances known as the Green Book'.—*(Chris Bryant.)*

Business without Debate

DELEGATED LEGISLATION

Ordered,

That the Motion in the name of Mr Pat McFadden relating to Financial Assistance to Industry shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instrument be approved.—*(Ms Diana R. Johnson.)*

PETITIONS

Sri Lanka

6.2 pm

Tom Brake (Carshalton and Wallington) (LD): It is my pleasure this evening to present to the House a petition on behalf of my constituents and others on Sri Lanka. It may interest hon. Members to know that, a few weeks ago, I held a meeting with around 600 or 700 Tamils in my constituency, who were clearly concerned and alarmed about the situation there. It is therefore my pleasure to present their petition.

[Tom Brake]

Following is the full text of the petition:

[The Petition of members of the British Tamil community, and others,

Declares that the loss of life, denial of human rights, and restricted access of the United Nations and other relief agencies in Sri Lanka are unacceptable; and further declares that tens of thousands of Tamil civilians have been displaced by military action and face an uncertain future.

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to take all necessary steps to secure a ceasefire, allow unfettered access for UN and NGO relief, human rights agencies and the media, and make clear to the Sri Lankan Government that a lasting peace can only come through political dialogue and respect for human rights.

And the Petitioners remain, etc.]

[P0001561

Schools (Isle of Wight)

6.3 pm

Mr. Andrew Turner (Isle of Wight) (Con): The petition of 2,058 signatures is by the villagers, parents and children of the Chale school and village community on the Isle of Wight.

The petition states:

To the House of Commons.

The Petition of Chale School and Village Community Association and supporters.

Declares that Chale Church of England Primary School must be retained within the village; further declares that this small rural school provides the perfect environment for local children to develop their full potential academically, together with social skills for future life within the community of the village; notes that the closure of the village school would necessitate children as young as four years old travelling up to 16 miles a day on an additional school bus; further notes that this would preclude parents from having daily interaction with teaching staff and settling their children into school each day, and that this would also impact upon children's opportunities to partake in after school activities; believes that the financial implications of providing this transport would eradicate any potential savings from the school closure; and further believes that closing the school would rip the heart out of the community, and undermine village life, causing young families to move away in order to live near a primary school.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Children, Schools and Families to direct the Isle of Wight Council to abandon any plans to close Chale School.

And the Petitioners remain, etc.

[P0001601

Visteon Factory (Basildon)

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Diana R. Johnson.)*

6.5 pm

Angela E. Smith (Basildon) (Lab/Co-op): I am grateful for the opportunity to hold this debate on issues that are of particular concern to me and my constituents, especially those who are former employees of Visteon. I am pleased to see the support in the Chamber for the issues I am raising this evening, which is unusual on a Thursday, from my hon. Friends the Members for Thurrock (Andrew Mackinlay), for Edmonton (Mr. Love) and for Dagenham (Jon Cruddas), my right hon. Friend the Member for Enfield, North (Joan Ryan) and the hon. Members for Castle Point (Bob Spink) and for Billericay (Mr. Baron). I also thank Unite and its members, as well as former employees of Basildon Visteon, for their help and information in preparing for this debate.

Ford had significant interests in Basildon, with the radiator plant, the tractor plant, the offices at Trafford house in Basildon town centre and the research establishment at Dunton. In addition, a large number of people travelled daily to Dagenham. Ford was important to the economy of the town and had a good and valued relationship with the local community. The community is now showing that support to the Visteon workers.

I grew up as the daughter of a Ford and then Visteon employee. My dad worked at the radiator plant in Basildon on the production line. Visteon UK was created wholly from the Ford Motor Company in 2000. Ford workers employed at the Basildon radiator plant were transferred to the new company Visteon. At the time I met both Ford and Visteon and was given the same assurances as those who worked there were given, which was that their terms and conditions of employment were guaranteed, just as if they were Ford employees. I have copies of numerous documents and letters that were given to employees at the time. The point could not have been clearer. Let me quote from one such document, which tells workers that:

"The agreement governing the separation of the Visteon organisation"

makes it clear that their

"existing terms and conditions, including pension entitlements"

will give them

"lifetime protection while an employee of Visteon UK Limited".

Bob Spink (Castle Point) (Ind): We are all grateful to Ford for what it has done over many years in our constituency. Does the hon. Lady accept that Visteon has treated loyal and excellent employees in a disgraceful and underhand manner? I thank her for her assiduous and caring work, not only on behalf of her constituents, but on behalf of my constituents too. They appreciate her work very much.

Angela E. Smith: I am grateful for the hon. Gentleman's comments. I should point out that the hon. Member for East Antrim (Sammy Wilson) has turned up this evening and that two hon. Members from Belfast—the hon. Members for Belfast, South (Dr. McDonnell) and for Belfast, North (Mr. Dodds)—have also given their support.

Visteon has never made a profit. The closure and sale of some other Visteon plants meant that only three remained, in Basildon, Belfast and Enfield. There has been concern about Visteon's finances for some time. In 2006 the deficit was more than £82.2 million and in 2007 it was more than £118 million.

Joan Ryan (Enfield, North) (Lab): I congratulate my hon. Friend on securing this important debate. Does she agree with me and others that Visteon is, in fact, an internal accounting mechanism that has been allowed to go bust? Although we know that people will lose their jobs in a recession, the way in which they lose them is important. Those loyal workers have been treated very badly indeed. I hope to be able to support any moves that my hon. Friend makes to ensure that we hold Visteon and Ford to account, so that they do not get off the hook.

Angela E. Smith: My right hon. Friend is absolutely right. In some ways I would go further. I find it strange that a deficit should be allowed to run for so many years, if doing so is not in the interests of the company concerned.

On 2 March 2009, I went to the Visteon radiator plant in Basildon at the request of union representatives to meet members of Unite and Visteon management. At that time, staff were on a three or four-day week. The American parent company was demanding that the multi-million pound deficit, which had been growing since 2000, be erased within that financial quarter. I cannot see how that could be possible, after years of operating with a deficit.

A number of issues were discussed at that meeting, and the management remained firmly of the view that the reasons for the financial problems were the "legacy structure" and the "inadequate pace of change". I queried why, when more work was needed for Basildon, an order that had been fulfilled in Basildon until January 2009 was now coming into Basildon and then being sent out to Autopal, Visteon's sister plant in the Czech Republic. Surely, even if the costs were slightly higher for that one order, keeping work in Basildon would have brought the unit costs of all work down.

The management, led by the former Basildon plant manager and then UK director, Steve Gawne, also claimed that the work force at Basildon had failed to support initiatives to cut costs, and repeatedly said that the problem was the "terms and conditions" of the work force, yet these were the very terms and conditions that the work force were told were guaranteed for life when they were transferred to Visteon.

I also disputed the assertion that the unions and the work force had not supported cutting costs. I will give the House an example. The competitive cost rate—CCR—programme was agreed with the union in 2006. This was an agreement that all new staff brought in to fill the vacancies resulting from people leaving to go back to work at Ford would be employed on lower rates of pay. The notice from the then manager, Jason Field, said that if this were not agreed, the company would be left with no alternative but to source the business to Autopal, the Visteon plant in Czech Republic. That is the same place where Jason Field is now the manager and undertaking work perviously done at Basildon.

Given the management's insistence that they needed to cut staff costs, and that that was the only way to achieve cuts, I queried the most recent early retirement programme. Although Mr. Gawne insisted that everybody who had wanted early retirement had achieved it, a number of people have complained to me that the offer was significantly lower than in previous years. However, the CCR workers—those on the lower rates of pay—who had perhaps only two years, service were offered more than £10,000 to leave. I am not suggesting that that is a good principle, but if the real issue was the cost of the work force, surely the management would have been keen to keep the lower paid workers on rather than offering them a proportionally much higher payment than those taking early retirement. By contrast, one person with more than 12 years' service was offered a redundancy payment of just over £16,000.

I also asked why there had not been more efforts to use the Visteon work force to undertake work being done by contractors at the plant. I did not a get satisfactory answer to that, or to my other questions. I do not have time today to go into all the detail of the discussions, but I left the plant feeling very queasy that the management were not committed to a long-term future and that the problems being experienced, while being exacerbated by the recession, were not due to the recession, as they go back much further.

On 31 March, I spoke again to Steve Gawne, who told me that, immediately after our conversation, he would be informing the work force that the company was going into administration with immediate effect, as the US was unable to continue its financial support. Despite my concerns, I really had not anticipated that the company would be so brutal. As people turned up for work they were told to leave, and given just a few minutes to collect their belongings. I immediately spoke to the administrators, KPMG, who confirmed that of the 610 employees in the UK, all except 15 would be losing their jobs immediately, of which 158 were at Basildon. KPMG also confirmed that the pension plan was in deficit and that the Government would be required, through the Pension Protection Fund, to step in.

Many of the workers at Basildon have been very long-term employees. It is not unusual to have 20 or even 30 years' service under both Ford and Visteon. My father worked at the same plant for 30 years. Becoming unemployed at such short notice without any redundancy payment or support has been the most dreadful shock imaginable. I should like to pay tribute to Basildon Jobcentre Plus. Most companies in these circumstances would offer advice and support before closing, but Visteon chose not to do so. Basildon Jobcentre Plus staff have done their best to help.

Since then, there have been two meetings between the union leadership and Visteon regarding redundancy, and I can confirm that Visteon made an offer. Following the rejection of that inadequate offer, it has subsequently improved it. Having said that, while Visteon might consider that the offer complies with its newer terms and conditions—known as the orange book or the pumpkin book—it does not comply with the original blue book terms and conditions that staff were told would apply for life when they transferred in 2000. I strongly believe that Visteon has behaved absolutely disgracefully.

Mr. John Baron (Billericay) (Con): Like the hon. Lady, I visited the picket line in Basildon, as some of my constituents were there. I informed her of the visit. She is absolutely right to focus on that point. The key concern among the Visteon workers is the fact that they had an agreement in place—she and I, and other Members, have seen the evidence—that gave them parallel terms with Ford workers. That is why those on the picket line and the ex-Visteon workers feel so aggrieved. I would like to ask the Minister, through the hon. Lady, to ensure that the Government do what they can to look at that agreement to see whether it can be enforced. That is the main gripe of the Visteon workers, alongside their concern about whether the Pension Protection Fund will kick in.

Angela E. Smith: The hon. Gentleman is right and I will develop the point about the relationship with Ford. Visteon relies on the fact that there was a new book—the orange or pumpkin book—but that does not remove the fact that the blue book contained their lifetime terms and conditions.

Many former employees still believe that the commitment to Ford's terms and conditions means just that; that Ford still has a duty of care towards its former employees. It transferred them and assured them there would be no changes. I have been in contact with Ford and the statement I have received from the head of government affairs at Ford says about the contract of employment:

"According to Visteon HR, all Visteon UK employees were sent letters in 2000 informing them of their new employment status (i.e. that they were Visteon UK employees). In line with the separation agreement Visteon agreed to mirror Ford terms and conditions for Ford employees transferring to Visteon. The responsibility for administering and funding these was Visteon's. When Visteon management took the decision to put Visteon UK into administration we understand the contracts were subsequently terminated by the administrators...Ford very much regrets the job losses."

It then goes on about difficulties in the motor industry.

Sammy Wilson (East Antrim) (DUP): Does the hon. Lady agree that Ford has been complicit in all this? It seems to have walked away from agreements that it had passed on. Surely it must have some obligation to ensure that these were adhered to and honoured.

Angela E. Smith: I am unclear whether there is a legal obligation and I want to look into that further. I am absolutely clear that there is a moral obligation.

I welcome the fact that Ford of Europe's senior management have met Unite. However, I am disappointed to be informed that, so far:

"At these discussions, Ford acknowledged the concerns expressed and agreed to pass them on to senior management in Visteon Corporation."

So far, to no effect.

May I highlight to the Minister my five main areas of concern? Although I appreciate that he could not and should not be held accountable for the actions of a private company such as Visteon, I would be grateful for any advice or help he gave in trying to get to satisfactory answers to these questions.

First, the issue raised by other hon. Members has been the links with Ford. Notwithstanding the above, it is hard for Visteon employees to accept that Ford has no responsibility towards them when their access ID cards display the Ford logo. I have N. Chapman's card here with me; it says "Ford Motor Company, Basildon radiator plant." That was the card when this gentleman concerned lost his job. Long service awards are given out in the name of Ford, not Visteon. Employees get a discount through the Ford employees' scheme on Ford cars and have access to the Ford social club.

I have spoken with Ford about that and it has explained that the long service awards presented to staff after 25 years' or more service should have the logos of both companies on to reflect the continuous service across both companies. It would be great if that were the case, but why does Richard Carey's award—a very nice crystal vase—after 25 years' service not have any Visteon identification at all, only Ford's?

Internal job vacancies for Ford were advertised at Visteon and those who were successful would go back to Ford under the flow-back arrangements. These are incredibly strong links between the two companies.

There is also the issue of the company deficit. Visteon states that it

"sustained accumulative losses approaching £800 million through 2008."

I think that the company wrote to the hon. Member for Castle Point on the same issue. As early as 2000, the plant manager at the time, Ron Stockwell, wrote to all employees at Basildon stating that the key challenges were to

"reduce cost and change our business strategy."

I outlined earlier the deficits in 2006 and 2007; multi-million pound deficits. Why would any company maintain such a deficit for so long unless it suited the company to do so?

Automotive Holdings Ltd was set up on 4 February 2009 with directors from Visteon, including the UK director Stephen Gawne, one from the US and one from France. It is registered in the UK, with Visteon International Holdings in Michigan as the shareholder. It is based at the other Visteon site in Basildon. James Fisher from Visteon in the USA e-mailed me to say that the company

"was established as a potential legal entity solely for tax planning purposes. Visteon was exploring the ability to monetize"—

not a word that I have come across before—

"certain of significant tax losses and other tax attributes accumulated in the UK with the objective of generating cash for Visteon UK Ltd, however further planning concluded that such planning was not feasible".

Why would a new company be set up in the Basildon area, with directors of Visteon UK, in February 2009, given that the plant was shut down in March?

Other issues of great concern are something called project Protea, and outsourcing. I have briefly mentioned my concerns about work being outsourced from Basildon to the Visteon plant, Autopal, in the Czech Republic. It was shocking for workers to see work coming in from Korea only for it to go out again to Autopal.

More alarming was a document I received marked "Visteon Confidential" and headed "Project Protea", and dated 21 May 2007. It relates to Belfast plants and has implications for Basildon and Enfield. It says:

"Belfast is one of five UK manufacturing facilities which generate losses and contribute to the overall loss making performance of Visteon UK."

It then says that the strategy is to

"Develop duplicate sources for all the Belfast product lines by the end of 2007. Stockpile service parts to avoid duplication"—

and I highlight—

"Engage Ford for assistance in transferring products to new locations",

from Belfast.

The product line summary refers to manifolds, and states:

"The growth in manifold business in Belfast is driven by a sourcing agreement between Ford and Visteon which enabled the exit of the oil and water pumps…Direction is to actively work with Ford to re-source all Manifold and ACA's business out of Visteon, to suppliers of Ford's choice."

On the issue of fuel rails, it says:

"This business is marginally profitable in Belfast…The Sigma fuel rail is injection moulded and assembled in Belfast and under Project Protea it will be transferred to the Visteon Port Elizabeth facility."

The concern must be that not only was work not being sought to be brought into the UK, but on the contrary Visteon UK was actively seeking to remove work from the UK and seeking support from Ford to do so.

The other issue of great seriousness, worry and concern for all our constituents is pensions. As confirmed by KPMG, the pension fund is now in deficit. It would appear that existing pensioners of pensionable age still receive their full entitlement, but those who took early retirement, or have yet to retire, have been told to expect cuts of about 10 per cent. of their pension. The Government may have to step in to compensate those who have paid into the company pension fund.

In August 2000, employees transferred to Visteon from Ford on 1 May 2000 were told that the new Visteon scheme would provide exactly the same benefits as the Ford fund. In January 2001, it could not have been made clearer:

"If you join The Visteon UK Pension Plan, then for future service from 1 April 2001, you will receive the same pension benefits as you would have received from your Ford Pension Fund based on the current and future provisions of that scheme."

Management of the pension fund is causing enormous concern, and I ask the Minister to look at whether the fund has been mismanaged. I understand that the pensions regulator has been contacted and has received information. I appeal to the regulator to investigate the matter fully, and urge the Minister to support any such investigation.

I will give the Minister one example of a complaint submitted. The trustee agreed to transfer the benefits of the members, together with assets totalling over £21 million, on 30 May 2007. That related, I think, to flow-back from Visteon to Ford. Visteon UK Ltd then made a special contribution of more than £7 million to the Visteon UK pension plan, so that in making the transfer it would

"not be reducing the security of the remaining Plan members."

I have seen complaints about several similar situations whereby very large sums have been transferred from the Visteon pension fund into the Ford pension fund. The trustee of the Visteon pension fund has apparently said that such transfers did not affect the security of the remaining plan members. Why are we now seeing such a deficit in the pension fund, which does affect the security of existing plan members?

My constituents who have worked for Ford and then Visteon are very loyal, very hard-working employees. They wanted to work with management to examine ways of cutting costs in order to increase the sustainability of their company and their employment. There was huge frustration among those who worked at Visteon that they were not able to work better with management to achieve those cost-cutting measures. All that the management would talk about, as I found too when I spoke to them, was staff terms and conditions. They were not talking about the terms and conditions of management, because the information that I have received is that the management got a substantial pay rise while they were trying to cut the terms and conditions of the staff.

My constituents, such as those of my right hon. Friend the Member for Enfield, North, the hon. Member for Castle Point, my hon. Friend the Member for Thurrock and others, have not been shown the same respect and dedication that they showed to their former employers. The Minister will understand my anger, their anger and the anger of the Members who are present about the lack of justice.

I have highlighted a number of issues of concern. The promises made at the time of separation between Ford and Visteon have not been kept. I am talking not about one promise, but about repeated promises made in numerous items of correspondence and in documents. These promises of lifetime protection of terms and conditions, including redundancy, were not kept. There has been a curious deficit in the pension fund, a lack of any real action from the managers of Visteon in respect of the sustainability of the company and a lack of genuine co-operation with the union. The most serious thing is what appears to be the deliberate outsourcing and running down of the company, as highlighted in a secret document dated 21 May 2007 from Belfast. All those issues have to be addressed, and any help that the Minister can give my colleagues and me here tonight will be greatly welcomed in trying to fight this injustice.

6.27 pm

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): I congratulate my hon. Friend the Member for Basildon (Angela E. Smith). She has championed the interests of Visteon's UK workers powerfully over a long time, and I have had many conversations and meetings with her on the subject. I welcome the opportunity to respond to her today on the record. I also welcome the strong interest of a number of hon. Members in the House today who have constituents, be they in Basildon, Enfield or Northern Ireland, who have been affected by this situation.

The circumstances surrounding the closure of the facilities at Basildon, Enfield and Belfast are very sad, and I very much sympathise with the position in which the work force have found themselves. Agencies here and in Northern Ireland have taken steps to put in place a range of support that will help the workers to find other work and training opportunities, and the agencies remain committed to helping those affected. I also note that although today's debate is focusing on events at Visteon UK's manufacturing operations, Visteon Corporation's commitment to Visteon Engineering Services is extant, and it continues to have a UK presence.

Angela E. Smith: Is the Minister aware that there are rumoured plans to move Visteon Engineering Services in Basildon away from the town to another location? That would be a further blow to my constituency from this company.

Ian Pearson: I note what my hon. Friend says, but I do not have any information about those plans and I would not want to speculate on rumours. However, I very much share her concerns, and those of other hon. Members present, about the manner in which this administration has been brought about. Although it is true that the automotive industry globally has been having a tough time, the problems that brought Visteon to its current position are rooted very much in the past: in its break from Ford; in how it has pursued business opportunities, including the outsourcing to eastern Europe and South Africa, which she discussed; and in the manner in which the work force have responded.

Although the warning signs have been apparent for some time, the speed of developments has taken many by surprise, starting with the review announced in January 2009, when Visteon UK management were charged by the parent company to put into place a plan by the end of March 2009 to stem its losses. By any stretch of the imagination, that time scale was very short. No company can maintain constant losses and since its spin-off from Ford in 2000, Visteon in the UK has never been profitable, with losses over the nine years of £800 million. In the same period, Visteon Corporation has invested some £1 billion into the UK business to continue its operations. Worldwide, the corporation lost $663 million in 2008. Visteon has been in a difficult situation, but my hon. Friend rightly points to the very short time frame in which Visteon UK was required to take action if administration were to be avoided.

The review concluded that, without ongoing funding from Visteon Corporation, its UK business activities would not be viable. The ending of funding on 31 March 2009 meant that the company was insolvent and its directors took the decision to put the company into administration immediately.

As my hon. Friend said, meetings have been held between Visteon Corporation and the unions on redundancy packages. One offer was tabled earlier this month and a further improved offer this week. This would be entirely funded by the corporation—beyond the statutory minimum. I understand that the company is keen to ensure speedy payment in recognition of the hardships faced by its ex-employees. Discussions continue with the unions and I hope that they have a positive outcome.

Hon. Members talked about the enforceability of the employment agreement between Visteon and its work force, and I am sure that the unions will take legal advice on this matter. I am also sure that Visteon will note the point that my hon. Friend makes when she talks about the moral responsibility on it to honour those agreements. That point was also supported by other hon. Members.

The Government have maintained regular contact with the company and we have tried to help where we can. As part of the company review, the Department for Business, Enterprise and Regulatory Reform suggested the involvement of the conciliation service ACAS in discussions on the mirrored—or ex-Ford—terms and conditions. Visteon UK met ACAS in February. However, while the unions were happy for ACAS to be involved in principle, they did not want to discuss terms and conditions with it. ACAS was therefore stood down as no progress was possible.

The Department has remained in close contact over the past four years as Visteon has attempted to put its UK operations on to a sound financial footing. Government in the UK and the Northern Ireland Assembly—and previously the Welsh Assembly Government with regard to the former Swansea plant—have supported the company through regional grants for Belfast, Enfield and Swansea, supply chain activity and training worth more than £1 million. There has also been a range of local support and assistance.

My hon. Friend mentioned pensions and I recognise the strong concerns that former employees of Visteon will have about their pension entitlements. I can assure my hon. Friend that the Pension Protection Fund has been notified and that it is considering the position of the scheme.

Angela E. Smith: Will my hon. Friend press the pensions regulator to investigate this case?

Ian Pearson: I note what my hon. Friend says. One thing that I was going to suggest was that I should meet her to discuss that and other issues to do with the matter.

Clearly, my hon. Friend raised a lot of issues about the company's strong links with Ford. She will undoubtedly continue to campaign on the issue—and rightly so—and will no doubt keep me updated on her progress. I am happy to discuss with her whether the Government can play a useful role. She mentioned, in particular, involving the pensions regulator. Of course, the administrator will have to produce a report to Government in due course.

Question put and agreed to.

6.35 pm

House adjourned.

Westminster Hall

Tuesday 21 April 2009

[MR. ROGER GALE *in the Chair*]

Armed Forces Veterans

Motion made, and Question proposed, That the sitting be now adjourned.—*(Helen Goodman.)*

9.30 am

Mr. Roger Williams (Brecon and Radnorshire) (LD): May I take this opportunity to say what a privilege it is to serve under your chairmanship, Mr. Gale? We have always had interesting and open debate under your stewardship and I am sure that we shall have the same today.

I am delighted that I am lucky enough to have the opportunity to raise the important issue of armed forces veterans. Service in the armed forces, while providing a rewarding career for many, often involves risk and injury, in training and on active service. Current engagements in Iraq and Afghanistan have proved very demanding for our soldiers, who have been deployed much more regularly than was planned.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am grateful to the hon. Gentleman for giving way so early in his speech. I declare an interest as a member of the Royal British Legion. Five hundred years ago today, Henry VIII acceded to the throne on the death of his father, and one of the many products of his reign was what eventually became known as the military covenant—a common bond of identity and loyalty between a nation and those who serve in its armed forces. We have an excellent Minister for veterans here this morning. Does the hon. Gentleman believe, as I do, that although we have made a fair amount of progress on areas such as housing and employment for veterans who have left the armed forces—he mentioned Iraq and Afghanistan—a good deal remains to be done on mental health support for those who have suffered post-traumatic stress disorder in those two conflicts especially? We—

Mr. Roger Gale (in the Chair): Order. Before we proceed any further, let me make it clear that I expect interventions to be interventions, not speeches.

Mr. Roger Williams: Thank you, Mr. Gale. I also thank the hon. Member for North-West Leicestershire (David Taylor) for his early intervention. He will know from his membership of the Royal British Legion that it has produced a report on the covenant, which focused on mental health issues. I hope to return to that matter later.

Bob Spink (Castle Point) (Ind): I am grateful to the hon. Gentleman; he has brought an important matter to the House. In Hadleigh and Canvey Island, there are two excellent Royal British Legion clubs but, like RBL clubs throughout the country, they are suffering a general demise with the fall-off of members. I wonder whether the Minister could enable the Ministry of Defence to send letters to all veterans in each constituency, so that they could be invited to constituency British Legion clubs to meet Members of Parliament to see whether we can find a way to boost the RBL clubs themselves.

Mr. Williams: The Royal British Legion plays a very important part in the voluntary sector on veterans issues. I hope to return to that matter, too. We want to encourage people to come to and join the Royal British Legion and to meet Members of Parliament. I had that opportunity in my constituency when there was a threat to the British Legion home at Crosfield House in Rhayader. We met members of the local British Legion, and luckily we have secured the continuance of that facility in Rhayader, for the time being at least. The hon. Gentleman makes a valuable point about the British Legion and the voluntary sector.

Death and injury have been regular occurrences in recent times. Far too often, Prime Minister's questions have started with the roll call of our soldiers, sailors and airmen who have made the ultimate sacrifice. However, many young men and women who have been injured in battle have been brought back alive to this country due to the enhanced medical facilities that are now available on the front line. Many of them have suffered grievous injuries whose effects will remain with them for the rest of their lives. Many will have suffered mental damage. That will sometimes exhibit itself early on in their lives, but sometimes later on as well.

The duty of the Government is to support our soldiers not only during the acute phase, but in the long term. The voluntary sector does a wonderful job in that respect, but the Government should not rely on the generosity of the public to cover their responsibilities and duties. I am grateful that the Minister has made himself available to reply on these issues today. Although he has been in his post for only just over six months, he is developing a reputation for being a good Minister on veterans issues. However, Government thinking on these matters is not properly joined up. Some of his colleagues in other Departments appear not to recognise the importance of veterans in society and the Government's duty to support them. I refer to an article in *The Independent* on Monday 13 April, which described this Minister's concern about the lack of consideration of veterans' needs in the recent Department of Health strategy for mental health, "New Horizons".

Since November 2007, NHS priority treatment has in theory been extended to include all veterans with an injury or illness related to their service in the armed forces. The Department of Health's assertion that a consultation is taking place later this year and that all issues raised will be considered is simply not good enough. Armed forces veterans should be automatically considered for priority treatment. The Department of Health should not need a time-consuming consultation to establish that. I am grateful to the Minister for raising the issue with his ministerial colleagues and will be interested to hear what response he has received from the relevant Minister and the Secretary of State for Health. He will, I hope, have some positive things to say on the issues that my colleagues and I are raising.

The armed forces play a key role in the life of our nation and in furthering our national interest. Even when the public are not in full support of a particular action or conflict, their support for the armed forces

[Mr. Roger Williams]

remains high, as witnessed during the ongoing Iraq conflict. It is a shame that the high regard in which armed forces personnel and veterans are held by the public is not always reflected in the Government's action and support. All too often, armed forces veterans are forgotten about when they have finished active duty and left the services. Often, those brave men and women have problems in finding employment, obtaining training, finding housing or obtaining health care. The support network for them is too limited, often leaving those most in need to slip between Departments and be forgotten.

Hywel Williams (Caernarfon) (PC): I apologise to hon. Members: I have to attend a Committee sitting and will not be able to stay for the whole debate. Does the hon. Gentleman share my concern and that of my hon. Friend the Member for Meirionnydd Nant Conwy (Mr. Llwyd) about the large number of people from the services who are in prison? According to the most recent reports, the figure is 8,500—10 per cent. of the prison population. Does the hon. Gentleman think that more could be done to divert service personnel away from the courts and give them the proper support that they require?

Mr. Williams: I hope to come on to the point raised by the hon. Gentleman. I know that his hon. Friend the Member for Meirionnydd Nant Conwy (Mr. Llwyd) wanted to be present, but is unable to be here. He has spoken to me about these issues as well. I have had reports that veterans who find themselves in prison often come out of prison no better equipped to have a life in society than when they went in. That is a great shame and the Government should address it.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Of course, veterans come in all shapes and sizes and can be young or old, but does the hon. Gentleman share my concern that, with the increasing reliance on the use of members of the Territorial Army on operational service, all too often when those personnel return, they do not receive the same support that their regular counterparts do and that although improvements have been made in recent months, much, much more needs to be done?

Mr. Roger Williams: I thank the hon. Gentleman for raising that issue. Figures show that certainly GPs are not aware that special measures should be put in place to deal with mental health issues raised by reservists returning from what has probably been prolonged action for which they were not really prepared when they enlisted.

When servicemen and women leave the armed forces as a result of injury or planned retirement, it is important that they are fully prepared for civilian life. Many very young men and women who leave the Army or other forces early in their careers may have no experience of running their own homes, paying their utility bills or providing for themselves. Furthermore, some of those below the age of 25 will not be fully eligible for housing benefits, and I ask the Minister to consider whether they could have more support with such benefits than other young people so that they can establish themselves in civilian life.

David Taylor: I am grateful to the hon. Gentleman for giving way for what will be a rather shorter intervention, Mr. Gale. On housing, does he, like me, find moderately often that former military personnel have no special priority on local authority housing lists and that they have not been able to establish a longish period of residence in the area concerned? Should there not be a way of recognising their service at home and abroad by means of the points that they receive on the local housing list when they return to their home area?

Mr. Roger Williams: I thank the hon. Gentleman for raising the issue. As I understand it, that has been a problem, and it remains a problem to a certain extent now. As a result of representations that I have made, I understand that it may now be slightly easier for those leaving the forces to get on the housing list and that they may now be able to establish a link with an area through their family or as a result of the time they were stationed there.

The Royal British Legion has run an excellent campaign called "Honour the Covenant", which has drawn attention to the gaps in health and welfare support for armed forces personnel and their families. The Government have a duty to provide lifelong support for those who have risked their lives for their country, but they have failed to do so in many key areas. Mental health is one area that is too often ignored.

Some 11,500 war pensions are entirely or partially related to a mental health condition. Although the Government have launched a two-year pilot on community mental health schemes, they have been slow to advertise those and other services that are aimed at the personnel who are most in need. In fact, a recent Royal British Legion survey discovered that of 500 GPs in England and Wales, 85 per cent. knew nothing about the reservists mental health project and 71 per cent. knew nothing about the MOD's medical assessment programme. There are just six community mental health pilots, and it is not clear how much funding will be available to set up additional centres once they have finished or what support will be provided if and when such centres are established.

Another positive step that the Government have taken is to double the maximum award under the armed forces compensation scheme to £570,000 for the most serious injuries. I welcome the recent decision to award full compensation for each injury, which is a great improvement on the previous system. I welcome the Government's changes to the system, which have put about £7.5 million into the pockets of injured service personnel. However, there are still problems that need to be resolved. First, the burden of proof has been shifted to claimants, when it should lie with the Secretary of State. Secondly, claims must be made within a five-year time limit, although there may be some exceptions. Although the majority of claims will be for significant physical injuries, which can be readily identified, other claims may be for mental health issues, which may take years to become apparent. That time limit should surely be lifted in all cases, regardless of the injury. What action is the MOD taking to ensure that all injuries are

covered in future, not just those identified within a certain time frame? What advice and support is it giving serving personnel on the scheme's requirements?

On health care, there should be a greater commitment to supporting the physical and mental health of service people and their families. We need to improve the handover of injured service personnel from the MOD to the care of the NHS. We also need to address the provision of family accommodation, which is currently for seven to 10 days. I recently spoke to the Soldiers, Sailors, Airmen and Families Association, which told me that it had successfully established family accommodation in a number of the units to which service personnel go for medical attention.

On mental health, there is a desperate need to increase the monitoring of psychological problems among personnel who have been deployed for 13 months or more in a three-year period; to undertake in-depth health surveillance for all service personnel; to provide voluntary health surveillance for families; and, perhaps most importantly, given the age group involved, to ensure that there is priority care for war pensioners, which has supposedly been Government policy since 1953.

Unfortunately, the death toll in Afghanistan has increased substantially in recent months, and more than 150 UK troops have lost their lives. There should be more support for bereaved service families. In particular, legal advice, representation and advocacy should be provided at public expense whenever an inquest takes place.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): The hon. Gentleman makes an important point. Does he, like me, meet bereaved families who are deeply concerned about the fact that when they attend an inquest, from which they want to find the truth, the MOD is represented by an array of barristers, while they have no legal representation? Does he agree that that situation cannot continue?

Mr. Roger Williams: The hon. Lady makes an important point, although perhaps the Minister would like to reply to her—he is probably in a better position to do so. However, what she says certainly reflects my experience.

Pensions are another issue on which more could be done to assist veterans. Royal British Legion research shows that the oldest ex-service personnel are often the poorest, with 75 per cent. of those aged 75 or over receiving an annual income of less than £10,000. That 75 per cent. represents 384,000 people, of whom 16 per cent. receive less than £5,000. Some 38 per cent. of veterans, spouses and widows or widowers are reported to receive below the minimum income for healthy living, which is just over £7,000 for a single person and just over £11,000 for a couple. Furthermore, 15 per cent. go without full central heating and 10 per cent. lack enough money to buy the necessary food. Injured servicemen and women often need additional heating before they reach pension age because of the nature of their disabilities. Has the Minister considered providing a heating allowance for war pensioners before they reach state pension age?

In partnership with Help the Aged and Age Concern, the Royal British Legion has called on the Government to rebrand council tax benefit as a council tax rebate, because they believe, and I agree, that that would lead to greater take-up of that facility. A stigma may be attached to council tax benefit: many armed forces veterans will be proud of what they did for their country while in the service, and claiming a benefit in later life may be a blow to that pride. Indeed, in his report on local government, Sir Michael Lyons suggested that

"the Government should address the perception problem around CTB by explicitly recognising it as a rebate, and re-naming it 'Council Tax Rebate', to reflect its unique place within the tax and welfare system."

If that was done, and there was an increase in take-up, nearly 20,000 ex-service personnel would benefit and be taken out of poverty.

A major problem regarding armed forces veterans is the complete lack of data on those who are homeless, those who are seeking employment and even the number of those who are in prison. The hon. Member for Caernarfon (Hywel Williams) mentioned the number of ex-service personnel in prison, but I am not sure where he got the figures from. I understand that the Ministry of Justice has no dedicated national identification system for ex-servicemen held in custody and that it has conducted no research on the factors that result in veterans going to prison.

Hywel Williams: Those estimates came from the National Association of Probation Officers. The association also estimated that 3,500 ex-servicemen are on parole or serving community sentences, so there is probably a large number of ex-servicemen in the criminal justice system.

Mr. Roger Williams: I thank the hon. Gentleman for that explanation, but the point is that if we are to address the issues strategically we need good data not only on the people in prison, but on those who are homeless.

Mr. James Gray (North Wiltshire) (Con): I apologise for missing the first part of the hon. Gentleman's speech. As to the National Association of Probation Officers figures—whether the figure we are dealing with is 8,500 or 3,500—there is an interesting sub-set: the Government have no idea how many prisoners suffer from post-traumatic stress disorder, alcoholism or drug abuse. Surely at least the Prison Service can tell us how many of all the known ex-military people in prison suffer from those things.

Mr. Roger Williams: I thank the hon. Gentleman for that point, which is well made. We need the data on the issues in question to be well set out before we begin to formulate policies that will deal with them and bring improvements for veterans.

Saturday 27 June is armed forces day. Would not it be most fitting for the Government to make a series of announcements about steps that they are taking for armed forces personnel, both in service and ex-service, in the run-up to that date? That might include expanding the community mental health scheme, undertaking proper research on the data, carrying out research on the financial situations of former serving personnel and monitoring how veterans cope with civilian life.

Mr. Richard Benyon (Newbury) (Con): I declare an interest as a trustee of Help for Heroes. Does the hon. Gentleman agree that one area in which the Government can help is the transition from service to civilian life?

[Mr. Richard Benyon]

Many of us were offered a variety of courses when we left, and it is right that those should exist, but there is something much subtler involved, because people are going from a very tight-knit family, where they have full support, to a cold world where often they do not. Many of the people coming to Members' surgeries would, if they were helped earlier, never have got into debt, become homeless or, in some cases, got involved in criminality. Does the hon. Gentleman agree that if more could be done at that crucial transition stage, we would cut out a lot of the problems?

Mr. Roger Williams: The hon. Gentleman speaks from experience, not because he had any problems when he came out of the armed forces—although he ended up in this place, I suppose—but rather from dealing with other people, and he makes a good point. Certainly the transfer from military to civilian life is difficult for a number of individuals. I know of the good work done by the welfare officers in the Army, and indeed, by those outside the Army, who exist to give assistance.

I want to move on to consider the voluntary sector, which has a role to play after people leave the armed forces. The sector plays a major role in ensuring that individual veterans are supported in times of need. Hon. Members will be aware of many instances of fine work being done in their constituencies. In mine, ex-service personnel such as retired Lieutenant-Colonel Mike Lewis and retired Major Nick Paravicini are active with SSAFA in raising money locally to support voluntary caseworkers and in finding funds to help veterans who have fallen on hard times. Retired Lieutenant-Colonel Charlie Nutting is a driving force in the Army Benevolent Fund, which raises substantial amounts of money. The British Legion is a major fundraiser, which can often supply the resources that are needed in the most difficult times, and retired Captain Jonathan Morgan has done sterling work with the Combat Stress organisation, which is particularly supportive of veterans with mental health difficulties. The hon. Member for Newbury (Mr. Benyon) has already mentioned one of the newer organisations, Help for Heroes, which has raised a substantial amount of money as well.

Such people lead organisations, but they are well supported by other volunteers from both military and civilian backgrounds. The Government would do well to reflect on how much of their responsibility is shouldered by those voluntary bodies. However, I am told that locally the Government's response is improving.

My purpose in securing the debate today is to encourage the Government to do even more for veterans of all the armed forces and give confidence that our veterans have the security of Government support in the times ahead.

9.54 am

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): It is a pleasure to follow the hon. Member for Brecon and Radnorshire (Mr. Williams), who has outlined many of the concerns that veterans have, and that hon. Members have on their behalf.

Last year, after the successful national veterans day celebrations in Blackpool, my hon. Friend the Member for Blackpool, South (Mr. Marsden) and I set up the all-party group on veterans, so that there would be a focus in this place for debating of veterans' issues and for exploring how we can take forward such concerns as the hon. Member for Brecon and Radnorshire outlined in his speech.

I shall begin by being positive: we set up the all-party group because of the success of veterans day, when we had a focus for celebration of the role of veterans. Because Blackpool won the privilege of hosting the national event, we had not just one day but several weeks of celebrations, including a week of concentrated celebrations in which we involved young people. Schoolchildren as well as veterans got involved, as did people from across the community. We all respect the work that our armed forces personnel do on our behalf: they risk their lives. We must remind people—young and old and in all sections of the community—of that essential work and of society's responsibility to ensure that individuals who leave the armed forces, for whatever reason, are properly looked after in the community.

The veterans day celebrations in Blackpool were a huge success, and were attended by the Duchess of Cornwall and the Minister's predecessor, my hon. Friend the Member for Halton (Derek Twigg), whom I congratulate on the work that he did as veterans Minister in raising the profile of veterans. I am pleased that my hon. Friend the Minister who is present today is continuing that good work and is a champion of veterans.

Bob Spink: I congratulate the hon. Lady on Blackpool's national veterans day celebrations. In Castle Point more than 500 people attended the veterans day event, which was a great success. This year there will be a veterans day event on Canvey island, run by Canvey Island town council and me, which we expect will be attended by the Gurkhas, as well as Chelsea pensioners. Will the hon. Lady be mentioning residency rights for Gurkhas, and policy changes that the Government can make to help them?

Mrs. Humble: The hon. Gentleman makes an important point about the Gurkhas. It is a great pleasure, in Blackpool, to attend various events organised by veterans and local associations, not least of which is the Burma Star Association, which has held its annual event in Blackpool for the past several years. Sadly, last year's event was the last one, because of the age of veterans. Each year they invited Gurkha representatives to the celebrations, so I have had the immense privilege each year of speaking to those men and their wives and children. They have concerns about their pension rights and their right to settle in this country, and I shall be interested to hear what the Minister has to say about that. However, I know that the Government have made available rights for post-1999 Gurkhas, and we must acknowledge their good work on that.

I meet not only Burma Star veterans but representatives of other veterans groups in my constituency, including the King's Own Royal Border Regiment. Retired members regularly contact me and they are a wonderful, lively bunch of people; their regiment has changed over the years and been amalgamated two or three times, but they still take an interest in what is happening to it now. A problem for the Minister is the one that was outlined by the hon. Member for Brecon and Radnorshire when he introduced the debate: how the Government keep track of veterans. There are organisations for retired members of certain regiments and organisations.

However, we should remember that not all veterans served in the second world war or—those few who are still alive—in the first world war. We have many younger veterans. The hon. Gentleman outlined some of the problems that they face when leaving the armed forces. They sometimes become involved in criminality, and they can suffer stress-related illnesses and have mental health problems. Indeed, a survey conducted by Manchester university, published last month, found that young men who had served in the armed forces were as much as three times more likely to take their own lives than their civilian counterparts. Clearly there are ongoing pressures on those who leave the armed forces. A balance is needed.

The House is constantly debating the surveillance society and how much the Government are keeping an eye on us—the big brother attitude. The Minister has a difficulty. He does not, I assume, want to be too overbearing in demanding to know where everybody is who has served in the armed forces, but if he wants to maintain a duty of care for those individuals he will need some sort of device to know where they are, or at least to know if they appear in prison or in hospital and then to deal with the problem.

Mr. Benyon: The hon. Lady makes an extremely important point. Does she agree that it is also our responsibility—or our locality's responsibility—to take control of some of that data? We should encourage organisations such as community mental health teams, citizens advice bureaux, social services and local authorities to ask whether people are veterans or have served in the armed forces in recent years, as that may bring a different dimension to the problem, their time serving on military operations possibly being its root cause. Does she agree that much could be done locally in encouraging organisations in our constituencies to be conscious of the needs of veterans when recording information, as they make their initial approach to people who may be in a vulnerable state?

Mrs. Humble: The hon. Gentleman makes a good point. I see it as a way forward. The Government are introducing personalised health and social care; in the latter case, personalisation is about getting to know the individual for whom the care is provided, and discussing their needs and problems instead of saying, "We are going to provide X for you. You are going to fit into this round hole even though you would fit better in a square hole."

Personalisation is the key. It involves social care staff, doctors, nurses and anyone within the health and social care continuum; they should find out much more about the individual and particularly whether the person is a veteran or a carer. People sometimes present a doctor with stress-related illnesses because they have caring responsibilities at home, but the doctor will not be able to cure the illness if he deals only with the immediate symptoms; he must look beyond the symptoms to the cause. That means asking the right questions. One of the questions should be, "Have you served in the armed forces? How does that affect you?" That could and should be a way forward.

I hope that the Minister, as a champion of the veteran, will consider that matter. People leaving the armed forces should be advised of the many organisations that are there to help, a point raised earlier by the hon. Member for Newbury (Mr. Benyon). We heard earlier about the Royal British Legion, which is an excellent organisation, but there are many others, especially the new ones that are there to help the younger men and women now leaving the armed forces. Those people need to be aware of the support and help that are available when they leave the forces, and we must ensure that that is followed up.

Before speaking about the military covenant, I turn to the local Royal British Legion. The Blackpool and the Thornton Cleveleys branches do amazingly good work for veterans, supporting them and offering advice on war pensions and benefits in general, and raising money each year in the poppy appeal. My hon. Friend the Minister may not be aware of the fact, but the Blackpool branch holds a poppython, a day of events in which individuals performing in the many shows in Blackpool are invited to put on free performances; they are always packed and they raise tens of thousands of pounds for the poppy appeal. A lot of really good work is taking place in towns throughout the country.

The Royal British Legion has made some comments on the military covenant. I shall not repeat the concerns already expressed about health, housing and social care. We are well aware of them, and improvements are being made, although more needs to be done. I pick up on the point made by the hon. Member for Brecon and Radnorshire about bereaved families. We must remember not only those who die when serving in our armed forces, but the families who have lost their loved ones. They, too, need to be in our thoughts. They, too, need our support.

Many members of our armed forces lose their lives in peacetime. It does not happen only in active conflict. They can lose their lives in road traffic accidents or in barracks, sometimes by committing suicide, but sometimes in more murky circumstances. I have met the families of the four young trainees who lost their lives at Deepcut barracks; those families still want answers about what happened to their loved ones and how they could have died in such circumstances.

We should ensure that boards of inquiry are thorough in their investigations. Coroners inquests should give the families the answers that they so desperately need. If the families are not legally represented at such hearings, they may feel that the Ministry of Defence will outweigh them in the argument. We all know that inquests are inquisitorial, not adversarial. Nevertheless, it would help the coroner if the families had legal representation; it would mean that the right questions were asked, and that the families got the answers they deserved. The military covenant addresses the question of how to deal with bereaved families. I have said this to the Minister on many occasions, and I am sure that he will think of a reply, but it is a serious question.

Mr. Gray: Is the hon. Lady aware that, during our recent consideration of the Coroners and Justice Bill, although the Government did not accept amendments to introduce automatic support for families at inquests, they said that it was an interesting idea and gave tacit encouragement to the other place to consider enabling the coroner to allow barristers for the families as well as for the Government on an automatic or possibly discretionary basis?

Mrs. Humble: The hon. Gentleman makes an excellent point. He and I both raised the issue of funding for bereaved families on the Second Reading of the Coroners and Justice Bill. I know that the Ministry of Justice was well aware of that. The Bill also introduced a charter for bereaved families, a welcome development. In some instances, bereaved families of service personnel can get legal aid and representation, but it is extremely difficult because of the usual financial tests. In exceptional circumstances, families can get legal aid and representation, but sadly too few manage it. We must not forget bereaved families when debating veterans and the military covenant, and I am pleased that many such families take part in Remembrance day processions. They come together so that local communities can see that they still care, even though their family members can no longer march in the processions themselves.

Finally, on a point that I have raised with the Minister before, the names of some individuals who died in non-combat circumstances are included in the roll of honour and national memorial, but others are not. The memorial is not managed directly by the Government, but nevertheless I hope that he will take into account the concerns of the families of some of the individuals whose names are not included.

Once more, I congratulate the hon. Member for Brecon and Radnorshire on securing this debate and raising many important issues. We have taken steps forward, but sometimes the process seems achingly slow. However, we are moving in the right direction, and it is important that we, as Members of Parliament representing our constituents, continue to press the Government to keep moving forward.

10.11 am

Mr. James Gray (North Wiltshire) (Con): I apologise, Mr. Gale, to you and the Chamber, for arriving slightly after the beginning of this extremely important debate. I congratulate the hon. Member for Brecon and Radnorshire (Mr. Williams) on securing it, and the hon. Member for Blackpool, South—

Mrs. Humble: North!

Mr. Gray: I beg her pardon. I meant the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble). Blackpool is such a wonderful place throughout, and I differentiate not between the two parts. However, she made some very good points.

Wiltshire is home to half the British Army, and I am very glad that my hon. Friend the Member for Westbury (Dr. Murrison) will speak on behalf of the Conservative party. His constituency is home to a large part of the infantry, whereas North Wiltshire tends to have the RAF, logistics corps and a large number of retired officers and other ranks. We speak, therefore, with much local knowledge. I also speak as chairman of the all-party group on the Army and as a patron of Mutual Support, which is the multiple sclerosis support group for military veterans.

I hope that the Chamber will forgive me if I make two or three rather disparate points, some of them a little more technical than others. If the Minister cannot answer them today, perhaps he will kindly do so later. This debate gives us an opportunity to thank, celebrate and salute our armed services and veterans. The latter of course include those who have left only very recently and who have served in theatres of war. However, it also gives us the chance to consider welfare issues that have been raised very well already. The debate consists of those two halves. I hope that the Chamber will forgive me for congratulating in particular my own constituency and the good people of Wootton Bassett, who turn out in vast numbers—most recently, 5,000 of them—to pay tribute to the returning bodies brought back through RAF Lyneham. That little token of support has been taken up elsewhere and is a beacon for the rest of the nation.

On one small detail, however, a number of people have asked whether the high street in Wootton Bassett should be renamed. The awful title, "Highway for Heroes", has been suggested. The people of Wootton Bassett, and members of the armed services to whom I have spoken, are totally and utterly opposed to any such tokenism. They turn up, from their homes and workplaces, to pay their respects to the bodies and then slip away again, and they simply do not want such tokenistic support for, or recognition of, what they do. The people of Wootton Basset, and, as I said, all the armed services, as far as I am aware, are wholly opposed to that suggestion. The editor of *The Sun*, who is campaigning for the change, might take note of the fact that it would not be the right thing to do.

There is talk of returning the magnificent and beautiful war memorial at Camp Bastion to the UK when the camp finally closes. The memorial is a stone picked up in the desert, topped with a cross made of spent cartridges from machine guns. It is a superb war memorial, and there has been some discussion about where it might go in the UK. Given that it carries the names of those whose bodies have been carried through Wootton Bassett, the high street might be a suitable location, in the long term. That might be a way of recognising the town's mark of respect.

The all-party Army group has welcomed back brigades from Iraq, up till now, and Afghanistan from now onwards. That very visible thank you to our armed services does wonders for our veterans. Sometimes, I think that they sit at home wondering whether anyone recognises what they have done. The fact that Parliament is saying publicly that we thank and welcome back our troops from theatres of war sends an important message to veterans. All those things are extremely useful.

The hon. Member for Blackpool, North and Fleetwood used the expression "champion for veterans". I do not know whether the Minister, who will be speaking in a few moments, is that champion, but I hope so, because we need one. We must praise and thank those who have given so much of their lives to the defence of the nation.

I shall deal with the two or three detailed matters. The first touches on the very good point made by my hon. Friend the Member for Newbury (Mr. Benyon). The Territorial Army tends to draw people from around the nation into one TA centre, so when they come back from deployment and become veterans, they no longer have a tight-knit regimental family—they might have such a family with a regiment located in their geographical area. I hope that the announcement due later today on the review of the reserve forces will consider how TA veterans are looked after and how we can make good use of the TA.

Gurkhas have been mentioned. I have many Gurkhas in my constituency and I have some sympathy with those who have called for all Gurkhas who have served anywhere, any time, to be given rights of residence in the UK. However, I also have some doubts, because pre-1997, most Gurkhas were deployed in Hong Kong and so have no possible connection with the UK. I am not certain that it is right that any Gurkha who has ever served in the British Army should be allowed to come to the UK. A very good friend of mine, Mitra Pariyar, is researching at Oxford university—the first Dalit, or "untouchable", from Nepal to study at Oxford—how Gurkha veterans survive in the UK. Veteran private soldiers' pay does not go all that far in the UK, but it does go a very long way in Nepal. My hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) and I observed during a recent visit to Nepal that to a significant degree those who run the country and its economy are ex-Gurkhas. I am not certain, therefore, that we want all Gurkhas who served in the British Army to come and live for all time here in the UK. I look forward to the outcome of the current research in Oxford.

Mr. Lancaster: I think that I am the only Member to have served in the Brigade of Gurkhas—I did so twice in fact—and my concerns run even deeper than those of my hon. Friend. He is right that there should be a degree of equality for service personnel, but I am more concerned about the future of the Brigade of Gurkhas. We face decisions about, for example, whether to cut the local regiment in the constituency of the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble), and we will probably face cuts to the TA later today. I fear that the future of the Brigade of Gurkhas has been damaged by some recent decisions.

Mr. Gray: My hon. Friend makes an extremely good point about the future of the Gurkhas. We need to be very careful about that.

I shall continue my slightly disparate list of things on which I would like the Government to do more. I recently became involved with the excellent Wiltshire branch of the Royal British Legion, which was campaigning very hard, standing outside supermarkets in my constituency collecting funds to enable D-day veterans to return to the beaches for the 65th anniversary. It was a sad sight in many ways, although in others quite an inspiring one: to see these great old boys standing outside Sainsbury's saying, "We don't care if the Government aren't going to pay for our return on D-day. We will raise the money ourselves." I salute them for doing so. I am glad that the Government—or at least the lottery—have listened to reason and are now funding the 65th anniversary of the D-day landings and paying for veterans to return to the site of one of their greatest triumphs, but it is disappointing that it took enormous television and media pressure before the Government gave in. Surely to goodness, if we are to respect and care for our veterans, one of the most basic fundamentals is to pay for them to return to the scenes of their triumph. I hope that the Government will listen more sympathetically to similar requests in the future.

In my own constituency, broken families from the armed services often land up in the outstandingly good Cotswold family centre, which is a little known organisation. It is a problem when a soldier abandons his family, because the family is living in military quarters. I am afraid that the MOD takes a hard-nosed attitude, and evicts the family quite quickly. Where does that family then go? It has no local connection. Many families end up in the Cotswold family centre in Corsham. Over the years, there has been talk of closing the centre. I very much hope that the Government will not cast their cutting eyes over it either now or in future, because it carries out outstanding work for families and veterans at some of the more difficult times in their lives.

Finally, I would like to touch on the question that was raised by the hon. Member for Brecon and Radnorshire about how our veterans—or some of our veterans—tend to end up in the lowest part of our society. The National Association of Probation Officers has come up with some figures, which the Government may call questionable. The association says that 8,500 ex-service personnel are in prison. I do not know if that is correct; the number may be lower. I am interested to know how many ex-servicemen are in prison. It would be fairly questionable if the Government were to turn round and say that they do not know. The armed services are the only ones who have the numbers. We know all about every single armed service person, so surely we can find out how many of them are in prison. If we cannot do so, it says an awful lot, both about our veterans system and about our prison system.

Having worked out how many ex-servicemen are in prison, we should then find out—again the Government say that they do not know this—how many of them have post-traumatic stress disorder. Having witnessed conditions in theatres of war, it is hardly surprising that some of those people have very severe mental disorders later in life. It may be 20 years after their service that these things come back to haunt them. Such experience may result in imprisonment. The Government should know how many people are in prison as a result of PTSD. At the moment, they do not.

Incidentally, the same applies to the question of alcoholism and drug abuse. The figures from the department of community mental health show that of the 2,500 military people who presented at the centres in 2007, some 217 are taking drugs, 150 are alcoholics, 400 have mood disorders, 314 are depressive, 1,188 have neurotic disorders, 145 have post-traumatic stress disorder and so on. The department has told us that some 2,500 people, or 1.9 per cent. of our armed services, are suffering from such conditions in prison and the Government, apparently, do not know it. It is important that we should at least begin to bottom that out.

Before we can cure the problem, we need to know how many people are suffering. It is astonishing that the Government say that they do not know. One strong message to be sent back from this debate is that we recognise that people suffer terrible consequences from the action that they take in the theatre of war on behalf of society. When they come back, they may suffer from drink, drug or mental disorders and they may end up in prison. It is the Government's fundamental duty to know how many people are suffering in such a way and to put in place some means of finding a solution. I know that that is easier said than done, but it is important that we recognise the problem and start to work on it.

This issue is not just about saluting and thanking our veterans. That is easily done every year on Remembrance Sunday, and at the Cenotaph and all the time in Wootton

[Mr. Gray]

Bassett and elsewhere. The tough bit is for the Government and society to say to the armed services, "We recognise that the things that we ask you to do sometimes result in appalling consequences for you in your private lives. We will recognise that you and the armed services are doing more than other categories of employee, and we will go out of our way to find out what has gone wrong with you and to put it right."

Mr. Roger Gale (in the Chair): I need to call Members making winding-up speeches from 10.30 am, so I invite the hon. Member for Ceredigion (Mark Williams) to make a brief contribution.

10.25 am

Mark Williams (Ceredigion) (LD): It is a privilege to be called to speak in the debate initiated by my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams), who has given a very thorough account of the issue before us. His contribution will lessen my load in the next five minutes.

I hope that my hon. Friend will forgive me when I say that although I pay tribute to him for initiating the debate, I was more struck in many ways by the contribution of the hon. Member for Newbury (Mr. Benyon). When he talked about the transition from a tight-knit community to civilian life, it reminded me of a constituent who came to see me a few weeks ago. He left the forces after a distinguished career and was attempting to readjust to civilian life. He enrolled on a university degree course, but found that the flexibility of student life created many problems for him. He abandoned his course and had persistent difficulties with the Department for Work and Pensions. I am sure that he would be the first to admit that he was floundering in civilian life. He said that he simply did not know where to turn. The repeated message today is about the lack of information for veterans as they leave the forces.

I agree with what the hon. Member for North Wiltshire (Mr. Gray) said about the celebration of the role of our forces being the easy bit. We will be doing that in my constituency on Saturday when the county of Ceredigion awards the freedom of Ceredigion to the Royal Welsh Regiment. That event is important to the veterans, the serving forces and the community. It should galvanise a great deal of support, and hundreds will be on the streets of Aberystwyth on Saturday. Nevertheless, there is a bigger picture, and we must consider day-to-day life for our ex-servicemen.

Last October in this Chamber, we had a debate on the state pension and benefits. I was able to raise the Royal British Legion's return to rationing campaign. My hon. Friend the Member for Brecon and Radnorshire mentioned some figures, which I will repeat, because he was right to highlight the fact that 38 per cent. of veterans, their spouses, widows and widowers live on an income lower than that considered necessary for a healthy lifestyle. Some 75 per cent. of the ex-service community live on an income of less than £10,000. One important small measure would be to redesignate council tax benefit as a rebate. The Lyons report revealed that when take-up was labelled a rebate, the figure was up to 90 per cent.—as a benefit it is 55 to 60 per cent, which is a matter of acute concern.

I pay tribute to the Ministry of Defence for its six pilot schemes. We have a good one in Cardiff. The number of referrals has increased from a handful to something approaching 90 in the first nine months. None the less, will the Minister give us some sort of appraisal as to where he thinks those pilots are going and what the roll-out will be? The British Legion is concerned that there is an element of uncertainty about what happens next.

The hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) mentioned the availability of information for people using the voluntary sector. The Royal British Legion in my constituency undertakes a huge amount of valuable pastoral work, as do many other organisations. It has requested that lists of returning veterans be made available so that it can contribute to their readjustment in times of transition. There is concern about the lack of cohesion in government. We are all praising the Minister for what he said about the inadequacies of the "New Horizons" programme. However, his message has not got across to all parts of Government.

We heard about untreated mental illness causing problems for veterans. Those problems make it difficult for veterans to adjust to normal life and hold down a job, and can ultimately lead to homelessness. A 2007 report by the Sir Oswald Stoll Foundation estimated that up to one homeless person in 10 has a background in the forces. Again, the difficulty is that we do not know the extent of the problem. When we talk about the close-knit family and the transition, we should not always assume that everybody has the luxury of moving from one close-knit family to another. That is manifestly not the case. That is why we are here today and why my hon. Friend initiated this important debate.

10.30 am

Willie Rennie (Dunfermline and West Fife) (LD): I thank my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) for securing this debate. He gave a powerful exposition of the case. I am sure that his constituents, many of whom are veterans, and many people throughout the UK will be grateful for his advocacy. I also congratulate my hon. Friend the Member for Ceredigion (Mark Williams) on his short speech. Sometimes the best speeches are made in the shortest possible time.

Bob Spink: The hon. Gentleman is congratulating the hon. Member for Ceredigion (Mark Williams), who made a point about the support and advice for families and veterans. The need for those is increasing, but one organisation that has not been mentioned is the Soldiers, Sailors, Airmen and Families Association, which is doing excellent work, particularly in my constituency in Essex.

Willie Rennie: A huge range of organisations do excellent work—the hon. Gentleman mentioned one of them. The Fife Veterans Association in my patch is a great group of people. It provides not only social contact, but support for people who are finding life outside the military a little difficult. The hon. Gentleman is right about that, but I am not sure whether I agree with his earlier point that Members of Parliament would be a great magnet to attract people to join the Royal British Legion. I am not sure that we are the best sales people in the world when it comes to membership of organisations. However, his sentiments are right.

The hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) made a very strong speech about the support groups that are available and the work that is being done in Blackpool. I am sure that it was an enjoyable few weeks in Blackpool—it seemed to be one big party from what I understand. It was good to hear about that.

The hon. Member for North Wiltshire (Mr. Gray) also made a good speech. Perhaps I should read *The Sun* more often, because this is the first time I have heard of the idea of a "Highway for Heroes". I, too, think that it would be completely inappropriate. It is not about names—what really matters is the encouragement and support that is given. The hon. Gentleman also referred to the TA.

I disagree with the hon. Gentleman on the Gurkhas. I know that there are difficulties with the continuation of support for the Gurkhas and I understand that the Minister has been to Nepal for discussions on the matter. I would like to hear more about those discussions, but we need to pay more respect to the work that the Gurkhas have done over the years, so I am pleased that we are making some progress.

Everyone praises the work of charities that support the veterans. A special bond is formed by those who have served in the forces over the years. The decreasing size of the armed forces since the second world war means that the number of veterans is decreasing significantly, but that makes the bond still stronger. Despite that, many veterans deeply resent having to rely on charity to deal with the issues that they face. They firmly believe that the state is responsible and should give greater assistance, and that they should not have to rely on charity for support.

I have a great deal of sympathy with that point of view but, actually, a lot of the veterans whom I meet do not want to become dependent on the state, and the charities with which I come into contact certainly do not want all their eggs in one basket—they do not want all their funding to come from the Government. However, we have not got the balance right. The Government need to provide greater support for veterans to deal with their difficulties.

The Minister is moving in the right direction. I served on the Defence Committee with him; he was outspoken then, and I am pleased that he has not changed tack since. He is doing a very good job as the Minister with responsibility for veterans. There is a lot to be delivered, but I am sure that he has the determination to see it through. We need to strike the right balance, which we have not done so far, and I would like more Government support for veterans.

When providing priority health care for veterans—this was mentioned in the debate—was announced 18 months or so ago, it was claimed that up to 4 million veterans could benefit, but when Ministers from the Department of Health and the Ministry of Defence appeared before the Defence Committee, they were unable to predict what the demand would be. I know that there have been some problems with identifying veterans and alerting the health service so that they receive priority care, but that initiative has been going for 18 months, so I would like the Minister to give examples of veterans receiving priority care. What difference has the policy has made? Has it cut the waiting time for receiving treatment, or is the difference marginal or insignificant? I hope that it works and that veterans get the priority care that they need. It is not about queue jumping, but ensuring that, if everything else is equal, veterans get support above others.

The identity card idea is a good one. It would mean that veterans may identify themselves as being from the military if they so wish—they do not have to, but they may use the card to get priority treatment. That is a good model. Rather than identifying every veteran on their health records, people who have served in the military could show the ID card to get the priority treatment if they wished to do so.

My hon. Friend the Member for Ceredigion mentioned mental health pilots. I was pleased that the six pilots were set up, because this is one of the biggest problems that we need to get a grip on. People with mental health problems are presenting themselves earlier to charities such as Combat Stress. The average age of people presenting used to be about 20 years older than it is now. There is significantly less of a stigma, which is a very good thing. I understand that the pilots will be completed at the end of this year and that there will be some evaluation off the back of them. I am interested in the next step. How and when will the pilots be rolled out, and what kind of funding will be available? Will the difficulties with the Government's finances have any impact on any roll-out, or is the MOD determined to ensure that it is a priority in its plans for the coming years? Will the Minister tell us exactly what is happening in that regard?

Reference has been made to Help for Heroes. I understand that the charity has raised some £17 million in a very short time, £12 million of which has already been paid out. A man called George Connelly, who lives in the village of Culross in my constituency, is bringing bands from all three military services into the village for a special "Musical Spectacular" at the end of July. People such as him do a tremendous amount of work and we should pay tribute to them.

Credit should also be given to the Government for their armed forces day on 27 June. I am keen to support it in my part of the world and to get those flags flying from every flag pole—I am sure that the Scottish National party Administration would love the Union flag flying everywhere. The armed forces day is important, as are veterans medals. My aunt was delighted to receive her land army badge in Canada recently, so I thank the Minister for that.

As I said, the Minister has been to Nepal for discussions because of concerns about the continuation of the flow of people to serve in the Gurkhas. What impression was he given in Nepal and what agreements has he managed to come to? The Gurkhas are also eagerly awaiting an announcement from the Home Secretary at the end of this week. Is that still on schedule? We want a fair and honourable settlement for the Gurkhas. They have committed so much for us, and the new arrangements must reflect that.

My final point is more of a technical one and relates to devolution. One thing that the Minister and I discovered when we were on the Defence Committee was that in the devolved Administrations, military issues often fall between the stools. Because the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly assume that the MOD is dealing with veterans' health or education for service families, they do not think that they should consider such issues.

[Willie Rennie]

A recent press announcement stated that injured war veterans will be given council house priority. The UK Minister for Housing and the Minister who is in his seat here made that announcement. Will similar schemes apply in Wales, Scotland and Northern Ireland? What discussions have been held? Is that an example of our having managed to break down the barriers and hold regular discussions with all the other Administrations to ensure that best practice spreads throughout the UK? Different parts of the UK will make their own decisions, but are we ensuring that what we decide within the MOD is transferred out to other parts of the United Kingdom? Our armed forces and veterans deserve the best possible support, and I am sure that the MOD and the Minister will be keen to deliver it.

10.41 am

Dr. Andrew Murrison (Westbury) (Con): I draw the House's attention to my interests as a member of the reserve forces and a service veteran.

I congratulate the hon. Member for Brecon and Radnorshire (Mr. Williams) on securing this timely and extremely important debate. We all have constituents who are veterans and, particularly at this time, it behoves us to look closely at their interests and the obligations that we as a society owe them.

The hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) talked about coroners, to pick out one item from her speech. That issue interests me, because the Wiltshire coroner is in my constituency, in Trowbridge. I visited his court when he was sitting on matters dealing with deceased servicemen, and he runs an exceptionally good service. It is questionable, however, whether the MOD should be using public funds to hire barristers in what are meant to be non-adversarial situations. The service families to whom I have spoken in that connection rather resent the resulting unequal playing field. I urge the Minister to minimise the use of barristers in that way, as it is regarded as unfair.

My hon. Friend the Member for North Wiltshire (Mr. Gray) rightly mentioned Wootton Bassett and the tribute that it pays to deceased veterans. We hear a lot of bad things about our society sometimes, but it is a tribute to people that they are prepared to turn up and pay their respects in that way. That is a lesson for others to learn. I echo his words about the Cotswold family centre, which I know from my previous professional life does an extremely good job. That service would be sorely missed if the Minister were tempted to remove it.

Among a number of points, the hon. Member for Dunfermline and West Fife (Willie Rennie) mentioned ID cards for veterans. I support the idea, but with a couple of caveats: it must bring a tangible benefit, and the cost must be accommodated in some way. There has been a lot of tokenism, and we do not want an ID card that is simply a token. I do not think that veterans would welcome such a thing.

I am grateful to Frederick Forsyth, Simon Weston, Sir John Keegan and the other members of the Military Covenant Commission set up by my right hon. Friend the Leader of the Opposition to look into some of the issues that we have debated today. The commission has made a number of important recommendations that we are working through. I hope that the Government, in the spirit of consensuality that has characterised this debate, will consider some of those points as well, if they have not done so already.

It is important that we consider the definition of "veteran". If we really mean it when we say that we want to give veterans something tangible to mark their service and recognise the debt that we owe them, we need to separate the men from the boys, if I may put it that way. There is a big difference between those who have served for only a day, which enables them to be defined as veterans, and those who have served in the second world war or more recent conflicts, have done their 22 years and are veterans in the truest sense of the word. I accept the expediency of the current inclusive definition, but I do not think that it is helpful if we want to make veterans special and mark them out as such. I see the Minister nodding; perhaps he might like to comment on that later. I appreciate the difficulty, but we need to get to grips with it.

During the Easter break, the Minister went head to head with the Minister for care services, the hon. Member for Corby (Phil Hope), about the "New Horizons" strategy, sans veterans. It is remarkable that such a document should include no reference to veterans, servicemen and their families. From the comments that I have read in the press, I know that the Minister feels strongly about it, and I have no doubt that he has had the meeting that he was reported to have demanded with his colleague. If he can share the contents of that meeting with us, it will be interesting to learn what it came up with. I congratulate him on taking that action.

Mental health is the tip of the iceberg. We have a particular obligation to people with post-traumatic stress disorder. To be ever so slightly critical of the Minister, he has been guilty in the past of saying that the number of people with combat stress is small. Although he is technically—numerically—correct, none the less, we owe a particular duty of care to people who experience the condition. Post-traumatic stress disorder is an occupational illness, and we have a duty to make it right for sufferers if we can. We also know from experience of the Falklands, Vietnam and so on that we are probably experiencing the tip of the iceberg. The issue will become more and more prominent, and we need to get to grips with it. We also need to discover cases proactively, and the official Opposition have made a number of proposals for doing so.

Homelessness is an issue for veterans. Last month, I visited Veterans Aid in Limehouse and Alabaré Christian Care in Plymouth, which is setting up a project for homeless veterans. However, the streets are not lined with homeless veterans. That is almost a cliché. Veterans Aid is quite clear that it is not a massive problem in our capital city and other centres, but that is not to underplay its importance. We owe a duty of care to those who have served, particularly when their service may have contributed to the state in which they find themselves.

There is, however, a sub-group within that population of which I hope the Minister will take particular note: non-UK nationals who have served in the armed forces. Service charities—particularly the estimable Veterans Aid, with which I know he has also been involved—say that there appears to be a particular problem with people who are not UK nationals but who have served in the armed forces, sometimes for very short periods.

and have left or been slung out. The Army then considers its job done—at the gate, that is it, and they are on their own. Inevitably, they melt into society and contribute significantly to the homeless ex-service population. We need to be more imaginative in handling such people, for their good and the good of our general homelessness situation.

The hon. Member for Brecon and Radnorshire mentioned the prison population. Once again, we must be careful about the numbers involved, but if we are serious about the rehabilitative elements of the criminal justice system, it behoves us to determine whether there are common factors specifically related to veterans in prisons, such as those itemised by my hon. Friend the Member for North Wiltshire, that could be amenable to more bespoke management to maximise such prisoners' chances of making a proper return to society.

On employment after leaving the armed forces, there was a time when certain occupations were reserved for veterans—usually low-paid, low-skill jobs, such as lift attendant, when we had lift attendants. Today's veterans expect rather more. They are often highly skilled or looking for skilled opportunities. We might consider ex-soldiers in schools and colleges, for example. It might be helpful if the Minister considered the Troops to Teachers proposals. The Centre for Policy Studies and the charity Skill Force have done important work on the issue, and the American T3 programme points the way. We are looking for role models these days, particularly in schools, and ex-servicemen might provide helpful role models in some school settings.

The Minister will have expected me to mention Normandy and D-day. I will say ever so gently that I do not think the Government have won many brownie points with their handling of the 65th anniversary D-day celebrations so far. The parsimony—rectified at the last minute—had all the hallmarks of a civil service briefing note untrammelled by the political savvy that is sometimes necessary to apply a human face to Government. Announcing that the Ministry does only 60th and 100th anniversaries is not helpful to octogenarians, because by 2044 not only they, but their grandchildren, are likely to have joined the choir celestial. The belated few thousand pounds from the lottery for its "Heroes Return 2" programme is nevertheless most welcome.

10.50 am

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I congratulate the hon. Member for Brecon and Radnorshire (Mr. Williams) on securing this debate. As the hon. Member for Westbury (Dr. Murrison) said, the debate has been consensual and has highlighted the importance that we all attach to veterans.

In his opening remarks, the hon. Member for Brecon and Radnorshire mentioned the newest veterans coming back from Afghanistan and Iraq ill or wounded. I join him in paying tribute to the men and women of our armed forces medical teams in theatre, whom I have met. Before Christmas, I met the aerial medevac team at Lyneham that has brought back people who, in other circumstances, would not have survived their horrific injuries. I pay tribute to the staff and supporters of Selly Oak and Headley Court. I thank the Soldiers, Sailors, Airmen and Families Association for the work that it is doing at those locations to find homes for visiting relatives.

The debate has covered a number of issues. I might not be able to cover them all in the time that I have, but I will try my best. Hon. Members know that I have taken a special interest in mental health since being appointed to this post. I do not agree with the hon. Member for Westbury that I downplay the issue. I think that I am on the record as saying that every case of a veteran with a mental illness is a personal tragedy for that individual and for their family. We must ensure that we provide all the support that it is possible to give.

There are six mental health pilots. The hon. Member for Ceredigion (Mark Williams) mentioned the Cardiff pilot, which I was privileged to visit before Christmas. The fantastic team are showing that the process works. I will be in Scotland on Thursday when the Scottish mental health pilot is launched. It is important to get the language right. Emotive language about bow waves of people presenting with mental illness in the future has been used. The figures are small and there has been too much concentration on post-traumatic stress disorder. The studies done by the King's college centre for defence studies show that the biggest issue is not PTSD but other mental health issues. We must ensure that we have the services in place to provide the assistance that individuals need. The mental health pilots and Dr. Ian Palmer's medical assessment programme at St Thomas's hospital are good first steps towards that.

A number of hon. Members have asked how we can ensure that local GPs know about these issues. One of my jobs in Government is to be an advocate for the armed forces. I am determined to get other Departments thinking about veterans when they come up with policies. On occasions they will forget, but I make no bones about the fact that it is my job to remind them forcefully that veterans should be at the centre of their policies. Last year's Command Paper, which has 40 different work streams, was designed to get work done across Government. Some success has been achieved. It is my job to ensure that that continues. One issue is how we track veterans. With the Surgeon General, I am looking at how we can track people in the health service once they have left the service. There would have to be an opt-in system rather than a mandatory one. I hope to make an announcement on that later this year.

ID cards have been raised. I am determined to introduce them. The hon. Member for Westbury said that that would be tokenism. Obviously, he does not know me very well because I am not into tokenism. If it is tokenism, it will be a waste of time. It must have real benefit and meaning for veterans.

The transition of early service leavers was mentioned. A bigger piece of work that I will complete later this year is my welfare pathway. That will try to join up all the strands of work not only in the Ministry of Defence, but in other Departments, to ensure that when people leave the armed forces, the services are there to help them through the transition. We are working closely with the armed forces charities, which I have great respect for. Government cannot do everything and I am sitting down with charities to ensure that there is a joined-up and seamless service. A key point that was raised is that we must get the transition right.

[Mr. Kevan Jones]

The increase in armed forces compensation is welcome and it has been welcomed greatly by the service community. The burden of proof issue has been raised time and again. It was raised when I sat on the Public Bill Committee. I set a challenge to people to come back with a single case in which that has been an issue. I am still waiting. On date of knowledge, the five years is not a fixed date. If people present after that with conditions related to their service, they can still make a claim.

The issue of inquests was raised. I pay tribute to my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) for her work with bereaved families. Like the hon. Member for Westbury, I am not in favour of feeding lawyers. What we must do, as we are doing, is ensure that we have the greatest possible support for bereaved families at those inquests. We already provide support for three members to attend and for others to attend in exceptional circumstances. I do not want there to be a feeding frenzy for lawyers. I want the money to be spent directly on the bereaved families.

The Gurkhas have been raised by a number of hon. Members. I was in Nepal last week. The hon. Member for Dunfermline and West Fife (Willie Rennie) mentioned a fair and honourable settlement. There has been a lot of ill-informed debate on this issue. The hon. Member for North-East Milton Keynes (Mr. Lancaster), who speaks with great authority on the matter, raised an important issue. If we are to make it so costly to recruit Gurkhas, there will be a question mark over whether we continue to do so. As I said last week in Nepal, I believe that we should continue to recruit Gurkhas.

I ask hon. Members to look at what we are doing in Nepal. Over £50 million a year is paid directly into Gurkha pensions. We pay another £1 million to the Gurkha Welfare Trust. I pay tribute to the work that that organisation does not just with Gurkhas but in the community projects that I saw last week. This year alone we have increased the Gurkha pension by 14 per cent., and by 20 per cent. for those over 80. Those in receipt of a service pension have a good standard of living in Nepal. That pension is equivalent to the pay of a GP or a chief of police. I ask people to think of the consequences of these decisions and what is happening in Nepal. I was impressed by the work of the Gurkha Welfare Trust.

My hon. Friend the Member for Blackpool, North and Fleetwood mentioned the all-party veterans group, which I addressed earlier this year. I thank her for the work that she does on that group and for the success of armed forces day. Many colleagues are taking part in it and I wish to enthuse them to encourage councils and others to take part. The veteran's badge was mentioned. That has been a great success and more than 650,000 have been issued. Many people wear them with pride.

I agree with the hon. Member for Westbury on the issue of homelessness and pay tribute to Veterans Aid, which is a fantastic organisation that deals with the capital's homeless veterans. Only about 6 per cent. of the homeless are veterans, but as the hon. Gentleman said, there are some sub-groups that need to be counted. Veterans Aid has raised with me the issue of Commonwealth veterans who have served in the armed forces. I will address that with the Home Office. There are some simple things that we could do to address the needs of that sub-group.

I thank the people of Wootton Bassett. I thank the hon. Member for North Wiltshire (Mr. Gray) for the support of the all-party Army group and for the parades that have been held. I agree with him on the changing of names. As a former chair of highways on Newcastle city council, I know that there is nothing more controversial than changing the names of streets.

On the issue of D-day veterans, the policy on the recognition of the anniversary was in place under the Conservative Government. The 60th anniversary was the last large event that the Normandy Veterans Association wanted to have. I am pleased that the lottery has been involved and that the MOD has supported events this year in Normandy, as it has in other years.

I am sorry that I have not been able to cover all the points that have been raised in the time available, Mr. Gale. I thank hon. Members for a well-informed debate. We have once again raised the importance of veterans. It is a privilege to have this job. One of the most interesting parts of it is meeting veterans both old and new.

Transport (North-West)

11 am

Mr. Lindsay Hoyle (Chorley) (Lab): First, I thank the House for allowing this important debate to take place. There is no greater or better region than the north-west, and the time is right to put the case for why we want more investment and better transport for the people whom we represent. It is good to see my colleagues turning out for that purpose.

I shall start by talking about free bus travel for pensioners, which started with local authority free travel, and has been extended to a nationwide local bus scheme. That important scheme has been a huge success, and has transformed pensioners' lives. It allows them to get out and visit, to have healthier lifestyles and to spend the money that it saves them. It is good for the economy, and it is good for us. It has also been good for a local bus manufacturer, Optare, which is reaping the benefits of providing new buses because of the new way in which people are travelling. Public transport is being reinvigorated as people are getting back on to it. We ought to congratulate the Government on that, and I do. I also remind them that when I started the campaign, back in 1997, with a petition in Chorley saying, "We want free local bus travel," the Government listened. It took them a long time, but they listened and delivered.

Following the success of the free bus travel scheme, I ask the Government to extend it to regional train travel, so that pensioners can also enjoy that. The village where I live, Adlington, has a railway station and trains that connect straight to Preston, Blackpool and Manchester, and people could benefit from free regional train travel.

Mr. Nigel Evans (Ribble Valley) (Con): Before the hon. Gentleman moves on to his next campaign, may I drag him back to his first? Although it is great that a lot of pensioners now have the opportunity to travel free around their areas, does he recognise that there are vast tracts in the north-west, particularly in my constituency, where there are no bus services in many villages? If we are to ensure that all pensioners can access what he has talked about, rural bus services in the north-west need to be enhanced.

Mr. Hoyle: I totally agree, and I back the hon. Gentleman's plans to spend more money on local buses, because that is important. I represent an urban-rural area that could benefit from the extra buses that would connect those pensioners and people who wish to use public transport, so we are at one. We both congratulate the Government on what they have done, and we both want that to be expanded, so it is quite right that I should back the hon. Gentleman on what he has said.

Like me, the hon. Gentleman has railway stations in his constituency that would benefit from an extension of the scheme to allow people to use trains. It is good for older people to have such a choice. Believe it or not, Mr. Gale, some of our rural villages do not have bus transport, but they have a railway station. However, some pensioners cannot use that transport because they do not have the same free travel. The Government could take that idea on, and it would be welcomed by people across the country. Free regional train travel for pensioners would be a great initiative.

Given how successful the bus travel scheme has been in transforming pensioners' lives, will the Minister consider extending free bus travel to young people? I do not know why we do not do that. It is a huge success in London. The Minister has seen the benefits that are brought by young people being able to travel in that way. In London, pensioners can use the underground, buses, overground trains and the docklands light railway. They have reaped all those benefits, and we want that to be replicated in other parts of the country. The same has been done for young people in London, and we want that to be extended to our young people as well. Why is there a postcode lottery for transport? If people are in London, they get the benefits, but if they live in the north-west, they do not. The Government should show us that they are listening.

Young people and families would benefit from the change because it would be free for them to travel to school. That would get young people interested in using public transport, and if they are brought up using it, that will ensure that they continue to use it in future. We talk about car congestion, but people have a real alternative to car travel, and they know how to use public transport. I can see the benefits: people at school and students would really like the benefits of that free travel and we ought to give it to them. I hope that all this will be taken on board.

Our north-west has been built on the three cities of Liverpool, Manchester and Preston, and we want our region to have an economy that is second to none. It houses the UK's second city, or, at least, if that is stretching things, England's second city.

Derek Twigg (Halton) (Lab): I congratulate my hon. Friend on securing the debate. He is a great champion for transport in the north-west, and for his constituency. On the north-west as a whole, the three cities and the economy, does he agree that one of the key transport projects around at the moment, which is due to go to public inquiry shortly, is the new Mersey gateway bridge? The project is expected to create about 4,000 to 5,000 new jobs and to ease a lot of congestion. It will benefit not only the nearby Merseyside and Cheshire regions, and my constituency, but the north-west as a whole. Does my hon. Friend agree that the scheme is very important for the north-west as a whole?

Mr. Hoyle: I totally agree. When I have travelled to watch Widnes lose against Warrington at rugby, I have seen the benefit that a new bridge could bring to that area. We have waited too long for that scheme, for which my hon. Friend has rightly been a champion. We want to see that Ministers are listening, and we need that bridge sooner rather than later. The economic benefits that it would bring cannot be overestimated.

We are talking about an economy of £111 billion, which is the 12th-largest in Europe. The north-west has a population of nearly 7 million people and 230,000 successful businesses. North-west England truly operates on an international scale. It has two major airports, as well as Blackpool, so how on earth can we not now be planning a high-speed link into the north-west to serve the three cities? We are, without doubt, the powerhouse and the generator of the economy. People want to talk about the midlands, and there is nothing wrong with the midlands, but the high-speed link should not be diverting

[Mr. Hoyle]

off there first—it should be coming straight to the north-west. We should be building from either end—from the north and the south—and meeting in the middle. That would eventually link in Birmingham as well. This is about linking the region, and we cannot afford to underestimate the value of that high-speed link coming into the north-west. We should not put England's second city down.

Tony Lloyd (Manchester, Central) (Lab): I am grateful to my hon. Friend, who is making a good and important case about the high-speed rail link. Does he agree that it makes even more sense if we ensure that there are adequate rail links from Manchester into cities such as Liverpool and Preston, as well as to places such as Leeds across the Pennines? That would give us the proper integration of the northern economy with the transport infrastructure that we do not have at the moment.

Mr. Hoyle: I totally agree; my hon. Friend is absolutely correct. We know that Manchester is the second city and that the north-west region is the powerhouse, but we cannot forget about the other side of the Pennines, as much as Lancastrians might wish to, because this is also about the north, and we need those east-west links. This is about having better access, whether by motorway or train. The high-speed link can bring the benefits of linking through to the south, as can a hub around Manchester that diverts across to Leeds. This is about linking the three cities of Liverpool, Preston and Manchester, and ensuring that we have other important links, but not forgetting the north as a whole.

Whatever way we look at this issue, the north-south divide still exists, as my hon. Friend knows, and we have to stand up for the north and make sure that it gets the investment that it rightfully deserves. I know that the Minister will take that on board, because, as a missionary who went from the north to the south, he recognises that we in the north have to stand up for ourselves, because no one is going to do it for us.

The high-speed link is important to our future, but we need to back it up by widening the M6, which is absolutely critical. It has four lanes around Preston, but then it suddenly goes down to three, and then goes up to four again at Warrington. There is a gap in the middle that should never have been allowed, because we need to keep the traffic flowing and the economy moving. Being in queued traffic is a great cost to business.

Mr. John Leech (Manchester, Withington) (LD): Does the hon. Gentleman not accept that widening sections of motorways around the country has just led to more cars on those motorways?

Mr. Hoyle: No, I totally disagree because what we have got is a bottleneck. That situation is silly, is it not? If there were three lanes all the way, there would be an argument against widening, but when two four-lane sections have been widened and there is a three-lane bit in the middle, that does environmental damage. There is also a cost to business. We ought to stand by the people trying to get to work in the north-west. It is nonsense to go from four to three lanes, and then back to four. That transport problem should be looked at.

I recognise that we do not want to encourage cars, but I want to give people the choice. We want a good public transport infrastructure in the north-west. We want to have the high-speed links and to give people a real choice about how they travel. Of course, people want to be anti-car, but I recognise that people need cars. However, I also recognise the needs of business. I do not like trucks moving goods along the motorway and want to see more goods moved by freight, but I recognise that we must ease the problems where they occur.

Mr. Evans: I agree with the hon. Gentleman: something clearly needs to be done about the M6. A lot of business traffic travels on there. No matter what time in the morning it is—for example, some of us travel back in the early hours, perhaps 1 am or 2 am—we see heavy vehicles using that motorway. Does the hon. Gentleman agree that one thing that has helped on the M6 is the toll road? At £4.50 a time, it is expensive, but it has made sure—

Mr. Leech: It is £4.70 now.

Mr. Evans: It is £4.70 now, is it? It is probably £4.90 by now—the cost has gone up while I am talking. That is an example of inflation.

Does the hon. Member for Chorley (Mr. Hoyle) agree that the toll road has, at least, taken some of the traffic off the old M6 and allowed people to pay a premium and get through the bottlenecks?

Mr. Hoyle: I cannot disagree with that. The toll road has eased the traffic problems around Birmingham. At one time people could not move. They could not guarantee how long a journey would be. When coming from the north, a journey could be anything from four to seven hours, depending on how bad the traffic around Birmingham was. Of course, we have seen the benefits of the toll road. We must remember that this country's economy and business matter, and we have got to support business wherever we can.

We have mentioned the M6, the importance of the high-speed link and what the benefits are, but I now want to talk about a more parochial matter. We talked about ensuring that we have free regional travel for pensioners by providing free rail travel. To back that up, I would like to see more railway stations. We have the silly situation whereby a big chunk of money was given to the local authority to build a new railway station at Buckshaw Village near Euxton. Unfortunately, the money was not enough—it was part of a 106 agreement—and there is now a differential between the cost of building the station and the original estimate. We have a shortfall of between £2 million and £3 million in the funding to build the railway station. Yet, the money sits in the bank, and the railway station is not there.

The problem faced by me and the local authority is that we could not get the train operators to stop at a new railway station. We eventually met the train operators and got both operators to agree to use the station. That was a great success and we thought that we had ticked all the boxes only to find that Network Rail's price was way above the 106 agreement money. The railway line closed for six weeks because of the flying arches at Chorley, during which time they could have built the

railway station, but instead of building the station when the lines were closed, nothing happened and we are back in the situation in which we have to chase money.

I think that BAE Systems has a responsibility because it has made a huge amount of money out of the redevelopment of that brownfield site. It is probably the biggest redevelopment in Europe—we are talking about almost 1,000 acres for housing and businesses. Of course, as part of that, we expect an integrated transport system to be provided, and for the village to be sustainable, and rightly so. However, we have not had the railway station that we should have had. It should have been built and opened by now, and I look to the Minister to see what help he can give. We know that the local authority has bid for some money under the community investment fund programme. I am fully supportive of that, and I will do anything I can to ensure that it goes ahead, but there might be another way in which we can get the money. Will the Minister use his good offices in relation to that?

Network Rail has suggested that it will put money in as long as somebody underwrites it until we can get the rest of the 106 money. BAE Systems rightly wants to develop another couple of hundred acres and that will provide the shortfall money. However, we need somebody to underwrite the money in the meantime so that we can get this railway station up and running. The station will not only benefit the people who live in the new village, but will provide a park-and-ride facility for surrounding communities. Will the Minister consider that matter because it is important that we can move ahead with it?

The Northwest Regional Development Agency has also offered to help. In fact, it phoned me yesterday and said that it is fully behind my plans and that it backs the station, too. I want to thank Steve Broomhead from the RDA. That organisation might sometimes be unpopular with people, but it has been very helpful and, during this economic crisis, it has been supporting jobs in the north-west.

Mr. Edward Timpson (Crewe and Nantwich) (Con): I agree very much with what the hon. Gentleman says about trying to find new opportunities whereby rail travel can benefit more of our community. However, before we consider building new stations, do we not also need to look at the state of current stations? That is particularly the case for those stations in the north-west that are at the pinch-point and are major category A stations, such as Crewe, which has lost out in the latest funding review by the Office of Rail Regulation. The funding that Network Rail wants will not be in place to ensure that Crewe station, which should be the gateway to the north-west, is in the state and category that it should be.

Mr. Hoyle: I do not disagree with that. We should always ensure that we are modernising and keeping our train stations up to the standards that people expect. If we want people to use public transport, we have to provide quality transport and railway stations. Of course, that does not take anything away from a railway station that has been provided by 106 money. We cannot build about 4,000 to 5,000 houses, put a load of businesses on a development and not provide the transport infrastructure. That is why we need the Buckshaw Village station.

I shall now turn to a village lower down the main line. A station called Coppull used to exist, but was unfortunately closed. Coppull is a mining village with a population of 6,000. It has been campaigning heavily for a new railway station that would connect the village to Wigan down the line and up to Preston the other way. Coppull station is crucial, and I say to the Minister that it is one of the top priorities for Lancashire county council. Rumours have been put out in the local media in relation to that, and I am pleased to see the *Lancashire Evening Post* is scribbling hard as we speak. An article in the *Lancashire Evening Post* stated that that station could not reopen because of the high-speed link. I do not see why that is the case because if the logic is that local stations cannot exist with a high-speed link and Coppull cannot be reopened, we would have to close all the other stations. Will the Minister clarify that matter and consider what support he can give to that railway station?

I shall now mention a very parochial matter: the train service at Adlington, which is in my constituency and is the village in which I live. We are talking about getting people back on to trains, which makes sense. The problem on the Blackpool to Manchester line is that when the train gets to Adlington there are very few seats, and by the time it gets to Bolton it is full. The logical decision is to put more trains on and have extra carriages. That seems logical—we know how to deal with the problem where there is great capacity and a great need for trains. What does Network Rail do? It stops trains calling at Adlington. That is the way that Network Rail has decided to get around the problem. That is absolutely silly. It has taken away the number of trains that stop there to try to create some extra carriage capacity lower down the line. That is ridiculous.

Who did Network Rail talk to? Did it talk to the people who get on the train at Adlington? Did it talk to the residents of Adlington? No. It talked to Greater Manchester passenger transport, which is not in Lancashire. Adlington is in Lancashire. Network Rail has not even talked to the right county and it then says to us, "We have consulted." That is absolutely diabolical and ridiculous, and it tells us that Network Rail and the transport authorities need to get their act together and reconsider the matter. Instead of taking trains off, there should be better trains and more carriages. Will the Minister please consider reinstating the trains we have lost that go to Manchester and Preston? Adlington is a community village, and all we are doing is putting people back on to the roads. If the trains are not going to stop at the times when people need to go to work, what use are they?

I say to the Minister that that matter is an absolute disgrace and I hope that he will get Network Rail by the scuff of the neck, shake it strongly and get it to change its mind. I look forward to witnessing that sooner rather than later. What has happened means that people can no longer get to the airport without changing trains twice or get into Manchester without changing trains. It is a ridiculous position and I look forward to the Minister reconsidering the matter.

As I have said, the issue is about the three cities. We ought to be looking at the network that connects Preston, Manchester and Liverpool. Those three great cities create a triangle, and we ought to make sure that there is a rail network between them. Of course, lying in the middle is Chorley, which is central to those three cities. I

[Mr. Hoyle]

would have thought that it makes sense to rejoin those cities by rail, making sure that we have quick rail links or even a light tram system. Of course, Chorley would benefit from that, and it would rightly be the hub that served the three cities.

We should have a fast, light train system to connect the cities and help businesses to work better, and we should ensure that we have the right road infrastructure between those cities which, of course, benefit from two major airports—there is none better than Manchester, and Liverpool grows in stature each year. We must not forget the airport at Blackpool as well.

We have the bones of a great transport system in Manchester, but we need the Minister to look favourably on what I have been saying and to look into the problems. We are going forward, and we want people to use public transport. Let us give pensioners in the north-west free regional train travel, and students free bus travel in their area. Let us reopen and reinvest in railway stations, widen the road system and look to the benefits that I have mentioned. I am sure that the Minister has taken all that on board, and we look forward to a favourable response and an early decision on some of those questions.

11.20 am

Mr. Nigel Evans (Ribble Valley) (Con): I congratulate the hon. Member for Chorley (Mr. Hoyle) on winning this debate. There are some debates in this Hall to which hardly anyone turns up, so the good representation of Members of Parliament from all over the north-west shows the interest in this one.

The hon. Gentleman mentioned several areas on which I, too, would like to comment. Perhaps we could all work together on further campaigns, because one thing that we all do is travel around our constituency. We use the networks and know about existing problems. I am sure that the Minister would agree that one of the problems as far as the railways are concerned is the cost of taking the train, which we all know about. An open return from London to Manchester now costs £247. To travel last minute from Euston to Preston costs £69.40 off-peak, £128 in economy and £195 one-way in first class. There is something wrong with a system when it is more economical to fly a route than to take the train first-class.

I hope that we will try again to get some common sense in the pricing of rail travel, as something is amiss. The system is okay for business men who are able to claim back the cost, but what about ordinary people who need to travel on the train, particularly last-minute? Not only is there a confusing plethora of train fares, but some are extremely expensive. I hope that we can have a look at that.

I want to pay tribute to my local line, Ribble Valley Rail, and Peter Moore in particular, who has lobbied me for almost all of my 17 years as MP for the area, and to the dedication of the many volunteers who ensure that the train station is kept spick and span, and who have lobbied to ensure that services exist and that old railway stations are reopened. The dedication of the volunteers means that the service along that line is much better than it would otherwise be. In addition, they propose an hourly service from Manchester Victoria to Carlisle, as they believe that there is a large demand for such a service.

The Secretary of State for Transport has been invited to Ribble Valley to meet representatives of Ribble Valley Rail and to go on a short journey on the line. I believe that he would enjoy it, because it is one of the most picturesque train journeys that one could wish to do, and that he would be seduced by the enthusiasm of the volunteers and those who support local railway lines.

Beeching did enormous damage in the 1960s, in the way he took out many railway lines, and I accept that some of them cannot be reintroduced because of building constraints. It is a great shame that people did not think long and hard about the unintended consequences of taking away so many local railway lines. Some areas are now more isolated than they otherwise would be, and pensioners—the hon. Member for Chorley is right to think about their transport needs—have lost out, as they do not have a local railway service. If a local bus service was not introduced to replace the rail service, they are even more isolated. They cannot all afford taxis.

Janet Anderson (Rossendale and Darwen) (Lab): I could not agree more with the hon. Gentleman. The Rossendale valley in my constituency now has no train service at all, except for a heritage railway that operates only on weekends from a small station in Rawtenstall. I fully support what he says about Beeching.

Mr. Evans: Perhaps it is time for a review. I believe that that there is all-party consensus on seeing what we can do to invest money in new lines throughout the country and in looking again at some of the lines that were taken out. If they have not been built on, we could start to link up villages with larger towns, which clearly would be useful.

I hope that the Minister will look again at rural bus services, too. There have been loads of rural bus service initiatives in the past 17 years. Yes, the Government announce £500 million here and £300 million there for local authorities to invest, but the services are depleted drip by drip, and, in the end, some villages have no service at all.

Mr. Hoyle: The hon. Gentleman is absolutely correct. Money comes in and a bus service is provided, but as soon as the money runs out, the bus operators cut the service. Instead of building up the number of people who use it, all they do is look for a grant and get out as soon as the money is gone. I agree that we ought to ensure that bus companies sign up for longevity, not short-term gain.

Mr. Evans: The hon. Gentleman is absolutely right. Longevity is required, and predictability of service as well: it must not be the case that there is a bus in the morning, but the next one is late at night. Some people want to go to Clitheroe, for example, to do some shopping, then come out again in two hours' time. They do not want to stay there for six hours, which makes things increasingly difficult for them. I hope that we will look at providing a network that would be a great boost to people who live in some of the smaller and more remote

villages. If we want such villages to carry on and exist in the future, we must ensure that there is a transport lifeblood for them.

The hon. Member for Chorley spoke about free buses for students, which leads me to something that really irritates me. Lancashire county council has this thing about youngsters travelling to the nearest school. As many hon. Members know, Clitheroe Royal grammar school is in my constituency. The parents of youngsters who pass the 11-plus and go to that school are clobbered if it is further away than the nearest school. They have to pay up to £600 a year for their youngster to use the bus to go to Clitheroe Royal. I would have thought that we wanted to encourage youngsters to excel in their academic studies. We should not penalise parents. If they have a couple of youngsters going to Clitheroe Royal grammar school, they have to pay more than £1,000 a year out of taxed income, which is not right.

The suggestion was made to go halfway and allow parents to pay only the difference between the nearest school and Clitheroe, but the council will not even do that. It wants the parents to pay the whole amount for their youngsters to travel to school. I hope that the Minister will ensure that the parents of youngsters who go to school are not penalised, and that he will look at what the hon. Member for Chorley said about opening up the rail and transport network and allowing students as well as pensioners to enjoy the facilities.

The hon. Gentleman mentioned Manchester airport in passing. I know that other hon. Members want to contribute to the debate, so I shall conclude with this point. Manchester airport, which MPs in this Chamber all use or have used, is doing a good job, and there has been investment in it during the past 17 years. However, I am concerned about the number of airlines that are reducing and, indeed, withdrawing services from Manchester as a result of the recession. They are pointing to Heathrow and Gatwick and telling our constituents that they can go to London and fly from there to wherever their onward destination happens to be.

Being good environmentalists—certainly all of us in Westminster Hall today are good environmentalists—I would have thought that we would want to ensure that our constituents, millions of whom use Manchester airport from a catchment area stretching from north Wales right across to Leeds, are able to look at Manchester as a point that they can go to, then fly direct to their destination, whether that is the USA, the far east or Australia. It is wholly wrong to expect those people to get into cars and drive all the way down to Heathrow or Gatwick. Indeed, a lot of the people who use the shuttles between Manchester and London are doing so to get on another plane to fly to their final destination. We should not just put all our eggs in one basket, seeing Heathrow or Gatwick as hubs, or seeing both of them as semi-hubs.

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I am quite sure that the hon. Gentleman would accept that these decisions are commercial decisions for airlines. If a route is sustainable, obviously the airlines will provide it. Indeed, Manchester has some excellent international routes, although perhaps not enough for his constituents.

Mr. Evans: I agree absolutely with the Minister that we cannot chain airlines to Manchester and say that they have to fly from there. However, we need to look at the reasons, commercial and otherwise, why they have decided to reduce the routes. Clearly, the recession is going to be part of that. However, it may be because of other reasons, such as landing costs, including the differential costs between one airport and another, or because having a base in a regional airport is very expensive for airlines to maintain some of their aircraft. Whatever the reasons, if we can have a look at them, so that we can perhaps make a difference by encouraging airlines to change their decisions and increase their capacity at regional airports, that would be good. We cannot keep pressing everything into Heathrow and Gatwick, which are already operating at congestion levels. It is quite unpleasant to travel through some of these major airports at the moment.

Mr. Leech: Does the hon. Gentleman agree that the decision by the Government to extend capacity at Heathrow by offering a third runway does not help when regional airports are trying to compete with London airports?

Mr. Evans: As I say, I think that Manchester could be a huge safety valve for airports such as Gatwick and Heathrow. Let us not try to drag ourselves back to the 14th century and think that people are going to stop flying, because that is not going to happen. These days, young people want to travel the world and I do not think that we, as politicians, have a right to turn to them and say that they cannot do that. I always enjoy Al Gore's statement telling us not to fly, as he himself flies around the world.

Instead, we must look at the most environmentally friendly ways of flying and at the more efficient, leaner aircraft that are less polluting. Those aircraft include larger models, such as the A380. I was there with the Minister when we saw the Singapore Airlines A380 come to Heathrow. It is a fantastic aircraft, which allows more people to be transported on a single flight so that, proportionately, there is less damage to the environment.

Let us look at ways of ensuring that Manchester acts as that safety valve. We cannot close down Heathrow or Gatwick, which compete with Schiphol, Charles de Gaulle and Frankfurt airports, where huge sums of money have been invested. Furthermore, I will not let anyone tell me that transit passengers are useless and do not spend money. One has only to go Dubai airport to see the huge sums of money that transit passengers are spending there, which creates the jobs in that airport for the people who live locally. Let us not be blind to that.

We have to use common sense to find ways of ensuring that capacity is built in our regional airports, so that the problems to which the hon. Member for Manchester, Withington (Mr. Leech) has alluded, about the investment that may now be needed in Heathrow, do not worsen and so that such investment may not need to be made. If we can reduce the number of people who are transiting and going through Heathrow, that will at least give Heathrow more of a breathing space before we can decide exactly how it will develop in the future.

Speaking as a Welsh boy—specifically a Swansea boy—doing missionary work in the north-west, the north-west is important. The Minister knows the area well, because he comes to my constituency where we have friends in common—not common friends, but

[Mr. Evans]

friends in common—so he knows how beautiful the north-west is. The tourism potential for the north-west is absolutely amazing.

Blackpool has been mentioned time and time again. Regarding Blackpool, the one thing that I regret is that none of us now holds our party conferences there, which is a great shame, because it clearly hits the local economy. If only the right, common-sense decision had been made regarding the casino in Blackpool—there are airport facilities there—we might have been able to make some progress and achieve even more regeneration. To ensure that jobs still come into the north-west, that it is a centre for BAE Systems and all the aerospace and technological skills that are there, and that we see further expansion in future, we must ensure that we get the transport right.

11.35 am

Tony Lloyd (Manchester, Central) (Lab): I, too, want to congratulate my hon. Friend the Member for Chorley (Mr. Hoyle) on securing this debate, because every aspect of transport is, of course, fundamental to the success of the regional economy. The debate is particularly welcome at this time in the economic cycle.

I want to start by picking up where the hon. Member for Ribble Valley (Mr. Evans) just left off, by discussing Manchester airport. I say gently to my hon. Friend the Minister, "Please, let us get beyond this idea that market forces will decide everything about a national airport strategy". Of course the market has an important role; nobody can dragoon the private airlines to Manchester or to anywhere else. Increasingly, however, the choice for people in the north of England is not going to be to interline through Heathrow and the overcrowded London airport system; it will be to interline through Charles de Gaulle, Frankfurt or Schipol airports, unless there is an adequate system through Manchester.

I do not make this charge against my hon. Friend the Minister personally, but one of the criticisms of the Department for Transport's planning over many years has been that national air policy has always been seen as being synonymous with British Airways as an airline and with BAA in terms of airports. In the world that we live in now, that view is fundamentally misguided. We need an airports policy that looks at the needs of other parts of the country.

The economy in the north is bigger than that of many European countries. Furthermore, the airport in Manchester is, I believe, the eighth biggest in Europe and much bigger than those in many national capitals. Manchester airport is a precious asset for the development of the regional economy. So there is an issue for the Government that goes way beyond the simple decisions made by an individual airline. I hope that that point can be established, because we need to see the development not just of Manchester airport but of other airports in the north-west; I accept the point that my hon. Friend the Member for Chorley made: the north-west has another airport in Liverpool, which has become increasingly important in recent years, and, to a lesser extent, another airport in Blackpool. Development of Manchester airport is fundamentally important to provide real travel opportunities for the people and businesses of the north-west and the greater north, and I hope that that point can be taken on board.

I want to spend a few moments talking about the railway system. First, I want to endorse very strongly the impassioned case that my hon. Friend made about the need for the high-speed rail link and his plea for that link to be seen not simply as residual as it snakes its way up from the south-east. It is really important that a high-speed rail link is a national rail link, with ownership by all parts of that system. Obviously, from the point of view of the north and particularly the north-west—the biggest concentration of the population in the north lies in the belt coming through the north-west—that view is, as they say nowadays, a "no-brainer". We hope that, even in the mechanics of transport planning, it is also seen as a no-brainer, so that we can see positive steps forward on this issue. I know that the Secretary of State for Transport is very forward in his own thinking on this issue and it matters that we have impetus from that political level. However, we need to see something tangible coming out of this debate. Otherwise, the high-speed rail link will simply be one of those transport projects that our grandchildren's grandchildren will read about and wonder where it ever went to. It is important that we see something happening here and now.

Even if that high-speed rail link is established, it is important that we recognise that our existing northern rail system is inadequate. I think that it is now an accepted fact that the most crowded part of the railway system is not around London, although Londoners would never believe that to be the case, but in the run-in to Manchester. I do not say that simply as a Member of Parliament for the centre of Manchester, because this issue does not directly affect my constituents. However, it affects the ability of people from all over the north to access Manchester as the centre of the northern economy. That matters to the north's economic progress and development, and it is vital to have some recognition of that with the necessary investment in rolling stock and the existing infrastructure.

I shall couple that with a brief aside. Network Rail inevitably comes in for criticism, and that is right because it is difficult to say that its forward planning and stewarding of work in progress have been spectacularly good. On almost every bank holiday, the railway system falls into a state of chaos, particularly in the north-west and for people travelling from there to London. It is astonishing that Network Rail pays itself large bonuses for what it believes is success but most people believe is an indifferent performance.

Having got that off my chest, I return to the importance of the planning structures and to the need to unblock points of congestion in the northern railway system. We need our railways every bit as much as those who live in the south-east. My hon. Friend the Member for Chorley was complimentary about the regional development agency and I do not want to be hostile to it, but the Minister may want to reflect—this is not a criticism of his Department—on how the RDA prioritises transport. Our RDA, unlike, for example, Yorkshire Forward, does not believe that its role is to intervene directly in transport investment. Yorkshire Forward has invested directly in rolling stock to produce a 6 per cent. increase in passenger capacity on the most congested routes. That was an important step, but Bryan Gray, chair of the Northwest Regional Development Agency, has put on record its reason for rejecting a proposal from Greater Manchester for direct investment in necessary rolling stock. He said:

"I am afraid that the Agency is unable to assist directly in purchasing rolling stock. The Agency's Board have considered our priorities and in relation to transport infrastructure they have resolved that the Agency's role should be restricted to influencing and shaping policy, rather than financial support."

That is not good enough because the RDA should be part of the process of recognising what strategic investment is necessary to improve the functioning of the regional economy, and transport is part of that. I hope that my hon. Friend the Minister will engage with his colleagues in the Department for Business, Enterprise and Regulatory Reform and elsewhere to exert a little judicious pressure in that direction.

I want to emphasise the importance of the debate initiated by my hon. Friend the Member for Chorley. The north-west has an inadequate but not hopeless transport infrastructure and it is easy to see the capacity for a significant leap forward. The Government have made a big difference, and they have invested in big changes in, for example, road and rail infrastructure. The number of people using rail passenger and freight services has increased enormously in recent years, and that is welcome. We now need a qualitative leap forward to transform the northern transport system from being barely adequate to being fit for purpose for the travelling public and the economy of the area in which we live. That is achievable, and I hope that the Minister will hear the plea from my hon. Friend and other hon. Members in the Chamber, where there is no party political divide on the matter, but a seriousness of purpose in wanting the improvements that can be achieved.

11.44 am

Dr. John Pugh (Southport) (LD): I congratulate the hon. Member for Chorley (Mr. Hoyle) on securing this debate. A bit of a theme, or even a campaign, is developing.

Over Easter, I sat in my back garden in Southport putting on suntan lotion and complaining about the heat while people in the south shivered under grey skies, belying the myth peddled by generations of BBC weathermen that the weather is grim up north. Another, economic myth is that the future of the UK lies almost entirely in the City and that the finance and banking sector is somewhere in London. The Labour Government have hitherto been spellbound by and prisoner to that myth, and presumed that wealth does not come from the north because that happened only long ago in the 19th century. We talk about economic development in the south and London, but about economic regeneration in the north.

That was crystallised in a recent think tank report when a young gentleman, presumably from the south, suggested that the future for Liverpudlians was to get out of Liverpool and to move down south if they wanted employment and prospects. That myth is looking substantially less convincing now. It promised London and the south-east an unsustainable future because housing, transport and infrastructure pressures could be met only by turning the leafy south into a concrete jungle, which people in the south are prone to complain about. However, there has been a clear legacy in transport planning. Hon. Members have talked about expansion at Heathrow rather than regional airports, but no one mentioned the £5 billion commitment to Crossrail, which looks like being the great folly of the 21st century, or the billions of pounds of infrastructure spend that has been allocated to the south and the south-east, particularly the London area.

I have complained about the Department for Transport's colonial mindset, which is that all roads and certainly all railways should lead to London. Such an approach must be contested. It is still the case that if Tilbury wants a road, it gets it, but if Hull or Liverpool want something, they do not get it as quickly or on the same scale. Thameslink needs new carriages, and it will get them because it has been promised them with a secure allotment. That is hard luck for passengers of Northern Rail, which is the country's biggest franchise.

Turning to funding levels, I have heard a good analysis in this Chamber by the hon. Member for Manchester, Blackley (Graham Stringer). They differ massively if we consider everything in the round—the Minister may not want me to say that—when compared with funding for places such as Scotland and Wales under the Barnett formula. There does not seem to be a good reason for bridges in the north-west to receive less funding and support than those in Scotland. The hon. Member for Halton (Derek Twigg) is not now in his place, but I am sure that he would say "Hear, hear" if he were.

My point is not that that is unfair—life is not fair—but that it is no longer wise. Genuine, sustainable economic development in the north can be triggered by good transport infrastructure, whether through investment in road, rail or sea. Hull and Liverpool are hugely successful ports. With the right infrastructure, manufacturing in the north-west can compete worldwide. The tourist offer has been alluded to, and that could be uprated substantially with better communication. Light industry is prospering in many areas of the north-west. However, what we need locally in the north even more than fair funding is better judgment. So much of what has been attempted there has gone under the banner of regeneration rather than genuine economic development. It is seen in terms of sending out a lifeboat rather than backing winners.

Money for projects in the north-west has not always been as well spent as I would wish. An example from some years ago is the M58, which is the emptiest motorway in the UK, or at least in England. It was built in the expectation that linking Skelmersdale to the M6 would keep many unskilled people in work, but that did not work. Part of the reason why progress was not made on the Liverpool tram scheme and why there was not wholesale agreement across all local authorities, and so with the Government, was that to some extent the project was based on pious hopes rather than sure political and economic conviction. It was thought that running a tram line through highly deprived wards would encourage economic regeneration even though it paralleled an existing train line. Had the better alternative, which was to plan the tram line down to the airport, been chosen, there would have been a very sound economic case and vocal support throughout the region for that. What was proposed might have made some political sense, but it did not make the same economic sense as some of the alternatives on the table.

[Mr. Jim Hood *in the Chair*]

My fundamental point is that there are real winners in the north-west, but they need to be supported in the same emphatic way as they would be were they in the south or certainly in London. Merseyrail is a good

[Dr. John Pugh]

example. That is a fantastically successful rail network at the moment, run by Serco and NedRailways. It needs help to expand. We could talk about the Burscough curves and the Halton curves, but we cannot question the fact that although they are awfully good at running a railway and awfully successful in economic and social terms, they need help to remodel Central station. The hon. Member for Crewe and Nantwich (Mr. Timpson) mentioned his local station, but Central station is a disaster area in Liverpool. It is an appalling communication network to have at the heart of a very good system. We need to get Network Rail properly engaged. Justifiable criticism has been made of Network Rail so far.

Exactly the same set of considerations applies in Manchester. There are things there that are working, and are economically beneficial and wholly desirable, but they do not receive the financial and strategic support that they ought to. We need to sort out the bottleneck in Manchester. I am talking about trains going through Manchester for the benefit of the whole north-west. We need to develop the tram where it is shown to be successful. We need to develop better links with central Lancashire, which is often left out. We need to link up Preston, Manchester and Liverpool in the way suggested.

In the north-west, we do not have a wish list of things that it would be nice to do—it would be lovely if we could turn the clock back to pre-Beeching days. We have a to-do list—a list of projects that require proper funding and need to be strategically planned and supported. Above all, we need to rethink how the funding is going and we need to prioritise the north-west as we prioritise London, the south-east, Wales and Scotland. However, I have the horrid feeling that given the current state of the public finances, the party and the Government who have relied so much and for so long on their north-west MPs to maintain their grip on power have to some extent, to use a transport metaphor, missed the boat.

11.52 am

Mr. Gordon Prentice (Pendle) (Lab): I did not come to the Chamber intending to speak, but the previous contribution has brought me to my feet. I am a great supporter of the high-speed rail lines that my friend the Member for Chorley (Mr. Hoyle) mentioned. In November 2007, I happened to be in Taiwan with my friend the Member for Rossendale and Darwen (Janet Anderson), who is sitting beside me, and we travelled on the high-speed rail link from the south of the island to the north. As you know, Mr. Hood, Taiwan is a small island; it is about 200 miles from north to south. We were able to travel that distance in next to no time. As a consequence, all commercial flying within the island of Taiwan has stopped. If we had a high-speed rail line from London up to the north-west and a second one to the north-east, that would dramatically reduce the incidence of domestic flying in the UK, which would be a good thing.

The Government were dragging their feet over this whole issue until the current Secretary of State took office. He has made some encouraging noises, but I want more than that. Rather than just uttering warm words and embracing the concept because it sounds green and like something that the environmentalists would embrace, let us just do it.

That brings me to my main point. The regional funding allocations are simply inadequate. I was going to intervene on my friend the Member for Chorley and say, "Would you like to tell us all how much this list will cost?" Of course it costs a lot of money, but transport has been the Cinderella and this is the moment when we should be spending money on transport schemes—as the economy enters a recession, which we hope will not be a deep recession. When Ministers are telling us that we should be spending money to keep people in employment, doing the things that need to be done, why hesitate now?

My friend the Member for Manchester, Central (Tony Lloyd) talked about the Northwest Regional Development Agency. I have its principles and issues paper, which it released just a month or two ago, looking forward to the new regional strategy. On transport, it states that

"the quality of many local rail services and infrastructure is poor, so significant further development in the region's light and heavy rail infrastructure would appear essential"—

not desirable but essential. The RDA should put its money where its mouth is. That is the point made by my friend the Member for Manchester, Central.

Of course that takes money. The Member for Ribble Valley (Mr. Evans) talked about the cost of walk-on fares from London to Manchester, Newcastle or wherever. It is scandalous how much people have to pay. We can fly the Atlantic more cheaply than we can walk on to a train in London and go to a destination in the north-west. However, we have to follow through the logic, which means more subsidy. We live, as I constantly remind people, in a big nasty capitalist world, where people are out to make profits. If they cannot make those profits, they withdraw the services. If we think that those services are desirable in their own right and fulfil a social function, somebody has to pay, which means subsidies. I do not balk at that. It is a good thing that people move from the road on to the railways. We should be spending more money on the railways.

In my own constituency, I have been banging on about this for as long as I can remember—we should reopen the old line from Colne to Skipton that was ripped up in 1970. The cost of reinstating that line on a single track would be about £35 million. That is de minimis when we hear about billions and trillions of pounds and about bail-outs. The Todmorden curve, which would allow people to travel from east Lancashire painlessly into Manchester, would cost about £5 million. Those are trivial sums. Through the years, I have read so many strategy reports and assessment reports—reports written by any number of organisations. I am fed up reading those reports; I want to see action on the ground. I am encouraged that the new Minister responsible for the railways, Lord Adonis, has agreed to meet me and a small delegation of people who want to see that railway reopened.

Let me finish on this point. In Lancashire, there are bids from seven organisations that want to see rail reopenings in the county. County councils and others are going through hoops unnecessarily to prioritise those schemes. What we should be doing is putting additional money into transport as a way of kick-starting the economy and rebuilding the infrastructure that needs to be replaced.

11.58 am

Mr. John Leech (Manchester, Withington) (LD): I add my congratulations to the hon. Member for Chorley (Mr. Hoyle) on securing what has been a very important debate on transport in the north-west. The title of the debate is fairly broad and has given a number of MPs from across the north-west an opportunity to have their say and raise objections or state views on transport in the north-west, whether that is suggesting the reopening of Coppull station or talking about discussions on Ribble Valley Rail, travel to school or even high-speed rail in Taiwan.

Having looked through *Hansard* to find out what the hon. Member for Chorley might want to talk about, I concluded that he wanted to raise the issue of free concessionary travel, given that he had asked a number of parliamentary questions on the issue and had suggested a topical debate on the possible extension of the scheme to include schoolchildren and students and widening the scheme to encompass trains. Fortunately, I bumped into the hon. Gentleman on the Floor of the House yesterday and was tipped off about the other issues that he wanted to discuss.

The hon. Gentleman started by talking about the concessionary travel scheme, and although hon. Members on both sides of the House would support the principle of extending it—whether to young people or to other forms of public transport—the harsh reality is that we have not yet managed fully to fund the existing scheme. The expected shortfall in a number of local authorities in the north-west ranges from as little as £70,000 in Allerdale to more than £1,380,000 in Preston. Other north-west local authorities also have funding gaps and have been short-changed. The figure in Blackpool, for instance, is £1.25 million, while in South Lakeland it is £95,000. In the hon. Gentleman's own area, Chorley, the figure is more than £400,000.

Mr. Hoyle: I am sorry, but that is not true. The local authority loves to put that figure about, but it is not true. What we do have a problem with is money coming back. The hon. Gentleman may not be aware that local authorities in Lancashire have divvied up the money. Some received more than they should have, and some received less, and we did not know how well it would be used. The figures that he gave are not correct, and he should have a rethink about that. It would be tragic if local authorities were allowed to cry foul when they do not have a case. Chorley has done very well over the years; in fact, it has had more money than it has spent. The fact that the other authorities are divvying up and sharing out the money is easing the pain for those that have suffered.

Mr. Leech: I thank the hon. Gentleman for his clarification. Obviously, I am going on the figures produced by the local authority. It is fair to say, however, that some local authorities are winners and some losers, and that has been replicated around the country. The Government have argued that the money available covers the scheme, but setting aside the fact that there are winners and losers, there is a shortfall of about £60 million across the country.

I have to say that that shortfall is in no small part due to the success of the scheme. We would all agree that it has been a massive success, and people have made use of their free travel. However, estimates of how many extra journeys would be created and how much that would cost have perhaps been too low. I have no doubt that if we decided to extend the scheme to include other forms of public transport or schoolchildren and students, that would be equally successful and increase patronage.

The Government's response, however, has been to draw back from the scheme. Hon. Members may not be aware of the change to the scheme that came into force on 1 April, banning the use of free bus passes on certain services unless local authorities foot the bill. That change, which was contained in a statutory instrument, was introduced without proper scrutiny or the opportunity to divide on it. The Liberal Democrats opposed the statutory instrument, and I hope that that will result in the matter being brought back to Parliament for discussion, because the change has meant that local bus services in some areas are no longer available free of charge to pensioners and disabled people. Although the statutory instrument is no doubt intended to exclude coach services, such services often provide the local bus service for pensioners. While I sympathise with the hon. Gentleman, I suggest that we ensure that the scheme is fully funded and covers all local bus services before we talk about extending it to include rail.

Mr. Hoyle: Of course it should be properly funded, and some would argue that it has been. As I said, however, some people have got more money than they should have done, and it should be shared out. The hon. Gentleman may not be aware of this, but the scheme should never have been operated by individual districts, which have negotiated with each transport operator in their area. The scheme should have gone to the county, which should then have provided the service and negotiated on behalf of the districts. That would have made sense. It is the fact that the districts wanted to make money out of the scheme that has created the biggest problem. What I should tell the hon. Gentleman, however, is that it is not right that there is a postcode transport lottery—people in London can use underground trains and the docklands light railway, but young people and pensioners in the north cannot use similar services. There should be no differentials between the benefits to the south and the benefits to the north. As local Members, we should all be on side, ensuring that we represent our people and that they have the same rights as people in London—and that should be paid for by the Government.

Mr. Leech: I would agree with the hon. Gentleman's sentiments, but the reality is that it is difficult to come up with a scheme that can be fully funded when the north-west loses out to the south-east on funding.

I want briefly to move on to the issue of rail. The hon. Gentleman mentioned a high-speed line to the north-west, and he will be aware that the Liberal Democrats were the first party to pledge support for a high-speed rail link to the north and beyond. The Conservatives, as usual, have limped in with a half-hearted promise late in the day, although I am pleased that the Labour party has now shown itself to be more in favour of high-speed rail than it has been. That is in no small part due to the new Minister for rail, who is showing a real commitment to rail, and I am happy to go on record with that.

My party's programme for high-speed rail would begin immediately and would be rolled out over 15 years. A high-speed line is vital not only to free up capacity on existing routes, but to encourage more cars off the

[Mr. Leech]

roads and dissuade people from taking domestic flights, as well as helping to drive the north-west economy and bringing us as close to the south-east as necessary.

On top of that commitment, we would create a new future transport fund, which would more than double the Government's planned investment for 2009-14, and provide an estimated additional £12 billion to improve rail services. We have already put together a list of potential rail improvements across the country that could be funded from the future transport fund. It is certainly not an exhaustive list, and there is plenty of opportunity for other small schemes to be included. One or two of the suggested options in the north-west include the electrification of the Wrexham-Bidston line and trans-Pennine routes, including Manchester, Liverpool via Chat Moss, and Blackpool via Preston. We also propose to reopen lines such as the Penrith to Keswick and the Galashiels to Carlisle lines. We will also look at new lines—the Todmorden curve has been mentioned, and there is also the Burscough curve—and at introducing a number of new stations, which several hon. Members have mentioned.

Such initiatives are vital if we are to expand capacity and deal with the major problem of overcrowding on our railways. Tinkering with the timetables has resulted in positive improvements for some local services, but that is tinkering at the edges, and for all the winners that it creates, it also creates losers. The hon. Gentleman talked about train services not stopping at Adlington, and although timetable alterations along the Styal line in my constituency have resulted in service improvements for some passengers, others are now unable to get on a particular service at a particular train station, while those who want to go through Manchester have to change trains instead of being able to take a through train, as they did previously.

In its policy paper, my party has set out in great detail the benefits of high-speed rail and other rail improvements, but we have also indicated how we would pay for them. There would be a £30 surcharge on domestic flights—we have been very open about that—and a lorry road user charge. We would also get more money out of the train operating companies by offering longer franchises in return for better investment. Currently there is little incentive for train operating companies to invest for the future, as they are uncertain whether they will be running services in two or three years' time.

Finally, in a debate on transport in the north-west, and because I represent a Manchester constituency, it would be wrong not to mention the referendum in Greater Manchester on congestion charging.

Mr. Evans: I am intrigued by the £30 tax. Would those flying via Heathrow or Gatwick in transit be eligible for that tax?

Mr. Leech: The £30 tax would be for all domestic flights, with the exception of lifeline flights, so if someone took a plane from Manchester to London and then got on another flight to somewhere else, that would clearly incur the charge.

Mr. Evans: Could I just point out—

Mr. Leech: I will not give way to the hon. Gentleman because I do not have much time left. *[Interruption.]*

Mr. Jim Hood (in the Chair): Order. The hon. Gentleman is not giving way.

Mr. Leech: I do not wish to dwell on the rights and wrongs of the transport innovation bid, but the overwhelming rejection of the revenue-raising congestion charge to part-fund public transport improvements in Greater Manchester makes it increasingly unlikely that any local authority will press ahead with a different scheme, including congestion charging. It would be a brave local authority that was prepared to risk the political consequences of promoting a charging scheme, particularly at a time when people are struggling as a result of the economic downturn and businesses are facing an uncertain future.

That means that more than £1 billion could be left unspent and will probably find its way back to the Treasury. We believe that that money should be spent to improve transport now, on schemes that will either help to kick-start the local economy or promote greener and more sustainable transport. There are schemes in Greater Manchester that are ready to go now, and I am sure that there are other schemes across the country that local authorities would like to promote that could use that money, but it cannot be accessed because no one is prepared to put in a bid that includes congestion charging.

12.12 pm

Stephen Hammond (Wimbledon) (Con): It is a great pleasure to take part in the debate, particularly following the contributions that have been made, including that from the hon. Member for Chorley (Mr. Hoyle), who ably introduced the debate and spoke with passion. I was intrigued by his innovative use of geography, as he somehow managed to put Chorley at the centre not only of Lancashire and the north-west, but of England, and probably, had we let him continue, the universe as well. There were some key points in his contribution that the Minister will need to focus on in his response, such as the possible extension of concessionary travel arrangements for pensioners.

It is true that the Government have set up a system whereby local authorities receive funding, and that has caused all sorts of inadequacies. The hon. Member for Chorley will recognise, despite his correction of the hon. Member for Manchester, Withington (Mr. Leech), that the published figures in Lancashire show some big swings between local councils, and it is clear that that is happening in other parts of the country as well. The problem is about not only national underfunding, but council-to-council differentials.

Mr. Hoyle: By way of further clarification, we suggested that it should have gone to the county in the first place, and I think that the hon. Gentleman will agree that countries should have operated such a scheme instead of all the local districts trying to negotiate. The other point is that some of them have spent money on subsidising bus routes, but the money was never intended to do that. It was intended to support the pensioners, but it has been used for other purposes, which is part of the reason why they have a deficit.

Stephen Hammond: That is undoubtedly true in other areas. The hon. Gentleman will be aware that in other parts of the country, informal, county-wide schemes are already operating, as in Lincolnshire and Surrey, as the only way to make the scheme in any way viable countrywide. The Minister will have to address how the Government intend, in the short period left to them, to rectify the funding of the scheme, because not only is it nationally underfunded, but the differentials between councils are causing major problems. I listened with great care to the case made for extending the scheme to rail and to young people and will be interested to hear whether the Minister will commit to funding that extra cost today.

My hon. Friend the Member for Ribble Valley (Mr. Evans) talked about the cost of rail, and he will be aware that those high roll-on fares are partly a direct result of the franchise system put in place by the Government. He also mentioned Ribble Valley Rail and Beeching, so it will be interesting to hear whether the Minister would like to do what the four previous Secretaries of State to whom I have written have failed to do, which is join us in a moratorium on building on old railway lines. Being one of Parliament's most experienced air travellers, my hon. Friend spoke eloquently about the need to keep Manchester airport going.

I was intrigued by the comments on high-speed rail, on which there is now consensus across the political spectrum. I am not quite sure that I recognise the Liberal Democrats as being the first to make that commitment or where that claim came from, but it is absolutely clear that high-speed rail has a part to play and I wish to touch on that in more detail. I was intrigued by the contribution made by the hon. Member for Southport (Dr. Pugh). I think that he said that he regarded the funding for Crossrail as a folly, and I wonder whether that is his party's policy. I look forward to some official confirmation on that.

We had an amusing tract on socialist economics from the hon. Member for Pendle (Mr. Prentice) and on the need for greater subsidy. I wonder whether the Minister will want to talk about greater subsidy today in the light of what is likely to happen tomorrow, when the Government will admit that we are in the longest recession since the second world war and that the budget deficit will rise to around 12 per cent. of gross domestic product. All the contributions have called for extra funding from the Government, so I wonder whether the Minister will talk about that. I looked at the numbers for funding for the north-west, compared with other regions—one of the interesting points that is often made is the comparison between the north-west and London. However, the Government will know that, according to the Department for Transport's current plans for 2010-11, the north-west will receive rather more per head than London. Do the Government intend to continue with those plans or do they intend to give rather less to the north-west?

Tony Lloyd: There will be a general election next year, and the hon. Gentleman said a few moments ago, with a slight hint of hubris, that that will be the end of the Labour Government. Will a Conservative Government commit to maintaining those figures?

Stephen Hammond: I am interested to know whether this Government will commit to those spending plans in the light of what we might hear tomorrow, and after that I will happily look at what plans might be available. As I have said, it is highly likely that tomorrow we will see the budget deficit skyrocket to 12 per cent. of GDP. The Department is already looking to cut substantial amounts of money from its budget proposals, as we have seen from the permanent secretary's comments to a group of suppliers, and I am asking the Minister to say whether he intends to keep to the Department's published plans.

We have heard several comments on the clear importance of high-speed rail to the north and to the whole country. The case for high-speed rail was made by my party over two years ago, and we are delighted that Lord Adonis has joined that case, which will produce significant economic and environmental benefits for the north. Will the Minster commit the Government to extend the high-speed rail beyond Rugby, which is where the Secretary of State currently intends to close it?

I am aware that the Minister will need time to answer all the questions raised today, but will he answer two others about the railways in the north? First, the northern franchise is due to be relet in 2012-13. The current franchise was on let on the assumption of there being no growth. Is the Minister prepared to say that that was wrong, and that growth assumptions should now be made? Will he confirm the Government's proposals on the carriages to be used under that renegotiated high-level output specification franchise? Will they be new, or will they be cascaded carriages?

The hon. Member for Manchester, Central (Tony Lloyd) said that the routes in and around Manchester are the most overcrowded. Clearly, there are a number of plans for the Manchester hub; it is one of the key schemes for ensuring the continued growth of the economy of the north. Will the Minister update us today on what conversations he has had with his colleagues in other Ministries on progressing those plans? Will he confirm that Network Rail is pushing ahead with those plans, and that we will see them on the due date in June?

12.21 pm

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): It is a pleasure, Mr. Hood, to see you presiding over our debate this afternoon.

I congratulate my hon. Friend the Member for Chorley (Mr. Hoyle) on securing this important debate. He expressed concerns on a range of policies and projects in the north-west, as did other Members, and he set them out clearly. I assure my hon. Friend and the House that even if I do not respond to every point raised this morning, they will all be examined. I shall speak later on the specific issues raised. However, I shall start by highlighting some of the successes seen recently in the north-west.

I am responding on behalf of my ministerial colleague, the Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham (Paul Clark). He sends his apologies for not being able to attend the debate. The Department is proud of the investment that it has made to improve transport in the north-west. Total public expenditure on transport there increased by 27 per cent. between 2002-03 and 2007-08; there was £672 million for local transport and maintenance for the period 2008-11; and there was £1.3 billion over 10 years for major projects. However, those numbers tell only part of the story.

[Jim Fitzpatrick]

The north-west benefits also from specifically targeted funding. A road safety grant of £41.5 million is helping local authorities to develop solutions specific to their needs; more than 20 per cent. of the recent national cycle training grant went to the north-west; and £7 million is going towards the north-west's three new cycling demonstration towns of Blackpool, Chester and Southport. I shall return to the topic of cycling if I have time. Furthermore, more than £21 million in proposed investment from the community infrastructure fund has been progressed to a full business case for schemes in the north-west.

Having an effective transport system is about much more than money. It is also about seizing the opportunities offered and making the right decisions. We are devolving decision-making, putting local people and their leaders in the driving seat when deciding transport priorities. However, I hear what my hon. Friend the Member for Chorley said; I understand that public consultation will soon take place in respect of improving those arrangements.

Central to this is the Local Transport Act 2008, which gives the new integrated transport authorities the opportunity to implement a more streamlined transport planning and decision-making process. We are providing the right framework and tools for local authorities and bus operators to work together to boost bus use. That is why we are urging our partners to make the most of the opportunities provided by the Act to promote bus travel, reduce congestion and improve services, information and infrastructure. As an example of that, my hon. Friend the Member for Gillingham recently made a well received visit to the north-west to discuss the provisions of the Act with councillors and officers and to encourage its use.

Much can be achieved in transport through effective leadership and governance, as they will allow the right decisions to be made at the right level, whether local, regional or sub-regional. We have seen with the buses what local leadership can achieve. At the sub-regional level, the north-west has been at the forefront of taking advantage of the opportunities through the multi-area agreement system. There is also a strategic regional dimension to transport planning. The north-west, with other regions, recently resubmitted its priorities for major project funding through the regional funding allocation. We are now considering them, and will reply in due course.

Although I cannot comment now on the specifics of the north-west's submission, I welcome the positive response from the area to its increasing role in making decisions. Going forward, the Department is providing funds to regions to study priorities under the strategic process set out in "Delivering a Sustainable Transport System", which was published earlier this year.

These are challenging times. The north-west is, and always has been, a vital component in our national economy. Businesses and industries from the region are competing in global markets, but they do so against the backdrop of a global economic crisis. Keeping goods, raw materials and commuters moving is crucial to supporting the economy. We in Whitehall are making investment, and devolving decision-making to those who know best, but we are also developing a long-term vision for the nation's transport network by exploring the possibilities of a north-south high-speed rail link, which was mentioned by my hon. Friend the Member for Chorley and many others. I am sure that my right hon. Friend the Secretary of State and Lord Adonis, the rail Minister, will be gratified by the kind words expressed by so many Members this morning, both welcoming them to the Department and appreciating what they have done since their appointment.

As announced to the House on 15 January, a new company, High Speed 2, has been formed to develop the case for high-speed services between London and Scotland. It will report by the end of the year with a proposed route from London to the west midlands, setting out any necessary options. It will also consider the potential for new lines to serve the north of England and Scotland.

We have asked High Speed 2 to provide advice on the development of a high-speed line beyond the west midlands, at the level of broad corridors, including to the north-west. The Manchester hub study is now working to a similar time scale to the high speed study, and the conclusions of each will be shared. Network Rail will not develop options for Manchester and the surrounding area that would close off the option of high-speed trains to service a central Manchester terminal.

My hon. Friend the Member for Pendle (Mr. Prentice) spoke about Taiwan, and said that if there were a high-speed rail link between the north-west and London it would eliminate all air travel. We have discussed the matter before. As my hon. Friend knows, the upgrade of the north-west line has reversed the polarity of travel; instead of 60 per cent. of travellers going by air and 40 per cent. by rail, 60 per cent. now go by rail and 40 per cent. by air. I am sure that my hon. Friend is right; an improved service will enable travellers to choose the most appropriate and suitable service, which will also be the most efficient and cost-effective.

My hon. Friend the Member for Chorley asked about community infrastructure fund and whether, if that was unsuccessful for Chorley, he could look for an alternative funding solution. The outcome of the CIF assessment process will be known by the summer, after which time we will be clearer about whether alternative funding solutions still need to be considered. He also spoke about the Mersey gateway bridge. It has been agreed that there will a joint public inquiry into all the orders necessary to build and toll both bridges. That inquiry begins on 19 May. That subject was first raised in an intervention by my hon. Friend the Member for Halton (Derek Twigg). However, I shall comment only on current proposals.

My hon. Friend the Member for Chorley asked about extending concessionary travel to young people, and he wanted to know whether it would be extended to regional train travel, too. As he said, the current scheme is popular. Local authorities have the power to put further extensions in place if they believe that it would be good for the area. However, I acknowledge my hon. Friend's demand for additional funding for his area, so that services similar to those provided in other parts of the country can be provided in the north-west.

The hon. Member for Ribble Valley (Mr. Evans) said that more needs to be done for rural bus services. Provisions in the Local Transport Act 2008 strengthen the powers available to local authorities to improve bus services; they include better provision for community transport, as well as making quality contracts more

feasible. It is up to local authorities to use those powers in the best way for their areas.

I assure my hon. Friend the Member for Manchester, Central (Tony Lloyd) that I am big fan and supporter of Manchester airport. In 2003, we published the White Paper on aviation, and in 2006 there was an update. We are committed to providing a national policy statement on aviation in due course. My hon. Friend spoke about commercial pressures, as did my hon. Friend the Member for Pendle, and he also asked about identifying appropriate regulation to support regional airports. Those matters are being examined, and will be examined further. I was also asked about rail capacity—

Mr. Jim Hood (in the Chair): Order. We now come to a debate on the capital programme at Canterbury college.

Canterbury College

12.30 pm

Mr. Julian Brazier (Canterbury) (Con): I welcome this opportunity to serve under your chairmanship, Mr. Hood. I have served alongside you in Committee for many years, but never under you. I am grateful for this opportunity to debate the capital programme at Canterbury college. By happy accident, this debate falls just after the publication of Sir Andrew Foster's report on the wider problems of capital funding, and I thank the Secretary of State for Innovation, Universities and Skills for sending me a copy of the report.

Canterbury college is the further and higher education college at the heart of Canterbury and east Kent. It enjoys an enviable reputation as a great place to learn and changes lives by offering a wide range of full-time, part-time and workplace courses to approximately 9,000 students a year. It is pivotal to the local economy and is located near the boundary of Northgate ward, which has a national designation for deprivation. The college is at the forefront of new apprenticeship training, diplomas, adult basic skills and the reskilling of those who have lost their jobs. It also provides a range of pathways into higher education, mostly for the very categories of people whose participation in higher education nationally remains frustratingly low.

The college has succeeded in bringing NEETs—those not in education, employment or training—back into education, and in re-engaging and motivating students who have become disaffected with, and—in some cases—excluded from, the traditional educational system. It works with some 300 apprentices and their employers and encourages the take-up of apprenticeships and completion of courses in the face of a recession. The number of apprenticeships not being completed at the moment is an understated problem.

The college works with, and provides skilled training solutions for, more than 800 employers in the area and is working closely with schools to set up and deliver the new national diplomas that will form the basis of education in years to come. It is the best performing college in the south-east for Train to Gain.

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon) *indicated assent.*

Mr. Brazier: I am delighted to see the Minister nodding.

The college commenced a major three-phased redevelopment of its site in 2005. Phases 1 and 2 were completed bang on time and budget, at a cost of approximately £50 million. Phase 1 was completed in 2007 and included the new children's, technology, land-based, motor vehicle and post-16 centres. They house modern classrooms, study rooms and science laboratories. Phase 2 was completed in February 2008 and gave the college a unique street-like layout. It includes a new library and facilities for arts, design, media and performing arts and provides front-of-house services open to the public, including a snack shop, travel shop and refectory. Those two phases have resulted in improved participation and a growth in learner numbers. Furthermore, learner success rates have improved year on year for the past three years, and continue to do so.

[Mr. Brazier]

The college applied for the third and final phase of campus redevelopment in close consultation with the Learning and Skills Council. The council wrote to the college on 31 July 2008 granting approval in principle and agreeing that budgetary provision equivalent to 91 per cent. of the estimated total project cost—£53.8 million—should be made. However, it has recently emerged that the LSC has not got enough money to fund the 79 projects that it approved in principle. There is an estimated £2.7 billion national shortfall. Phase 3 will provide for the transformation of facilities for students with learning difficulties and disabilities, including new commercial catering facilities and a fully equipped flat to hone their work and life skills. It will include a new dedicated centre for students on higher education courses, superb specialist training facilities for catering and hair and beauty, and other facilities serving the community through restaurants, salons and a new spa. Phase 3 also includes a new sports hall with space for four tennis courts, changing facilities, a fitness suite and physiotherapy rooms. That will also be available to members of the public and community groups for hire.

Alison Clarke, the principal and executive director of Canterbury college, commented:

"The impressive completed campus buildings have modern industry standard facilities and first class student accommodation. However, one third of our estate's accommodation remains dated and inadequate."

The college has conducted and paid for enabling works to date for phase 3 that were included in the approved application in principle programme—indeed, it has even demolished a temporary building. The full design has been completed and full planning permission obtained, and the educational case for phase 3 has been commended and agreed. The final phase offers excellent value for money, as did the first two phases. It will provide new and state-of-the-art accommodation for high-priority areas such as skills development. Under the Better Regulation Executive's environmental assessment method—BREEAM—the scheme achieves the "excellent" rating for sustainability. The buildings of phase 3 will complete the transformation of the campus at Canterbury and demonstrate the value that we all place on our learners.

In this time of economic uncertainty—to put it mildly—I need hardly say that wider issues apply. Any delay will impact on employment within the construction industry. The proposed design and build contractor, Wates, is committed to using local subcontractors—of its 19 key sub-contractors, 10 are local—and the majority of the smaller subcontractors and individual workers are also local. It would typically have 300 staff on site, helping to sustain the local economy. This will include family-run contractors, self-employed tradesmen and new apprentices. I need hardly add how important this is to a relatively deprived area in a recession.

Phase 3 will remove the imbalance of superb new facilities standing side by side with buildings that can barely support the education that our learners deserve. The new campus will serve to educate, train and raise the self-esteem of those young people and adults who have experienced disadvantage, whether through learning difficulties and disabilities, home circumstances or simply by not being able to engage with teaching in a school environment—a growing proportion, sadly, of young people. The whole campus will provide a high standard of education and training in a facility that is environmentally sustainable and will help us to meet our zero-carbon target by 2016. This in turn will help to produce a new generation of young people who put sustainability at the heart of what they do in the future.

The college itself is the main focus of this debate, but one or two wider points need making. Sir Andrew Foster's report commented:

"There were warnings of overheating as early as February 2008 but there was delay and confusion in addressing them",

and that

"opportunities to intervene were missed."

He also exposes the sleight of hand involved in bringing forward by one year some £110 million of spending on college building. He writes:

"A decision to bring forward £110 million of capital funding did seem to disguise the underlying problem in-year but merely amplified it in 2009-10."

He puts the blame for failing to warn FE colleges that were continuing to plan and spend implicitly at the door of Ministers. He said that

"when the impending storm was well and truly upon them there was a failure of communication with colleges. The Council wanted full communication but it did not happen."

I sympathise with the Minister's anxiety and I understand his desire to know the full picture and have a plan in place before revealing the problem to the public. In the meantime, however, Canterbury college was spending money and management time on phase 3. In the college's case, the position was especially unfair: as late as April 2008—two months after the warning signs had emerged—the LSC intervened and asked the college to replace its modest phase 3 proposals for a mixture of rebuild and refurbishment with a more expensive full rebuild.

Andrew Foster also makes it clear that a preoccupation with yet another reorganisation of the LSC played a major role in diverting senior management from doing the job in hand. Three general questions arise for which I should be grateful for some answers. First, can we have an absolute assurance from the Minister, whom I am delighted to see in his place, that the reorganisation of the LSC will be put on hold until the problems have been solved? I know that there is a case for some restructuring—all parties agree on that but not necessarily on the shape—but let us deal with the crisis first. Secondly, will the Minister tell us how much money is left unallocated and what is the estimated aggregate cost to the outstanding projects for which approval in principle has been granted? Thirdly, on what criteria will priorities be set in choosing which of the outstanding projects get the remaining, relatively limited, pot of money?

Returning from the general to the particular, I know that the Minister is personally strongly committed to education and will want to do the best he can within the limited resources available. I ask him to bear it in mind that this is a college that serves 9,000 students, a large proportion of whom are from less advantaged backgrounds. It is a college with an excellent track record and one that has made an outstanding success of the two earlier development phases. All the activities delivered by the final phase would help to tackle pressing social and/or economic needs. Indeed, most of them directly address

specific Government targets. I hope that the Minister will ensure that Canterbury college gets the remainder of the tools that it needs to get on with the job that it does so well.

12.41 pm

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): It is a great pleasure to serve under you, Mr. Hood. I am glad to be able to congratulate the hon. Member for Canterbury (Mr. Brazier) on securing this debate, which is of great concern to him and to many people in his constituency. The Government are committed to rebuilding the further education estate. As we speak, 250-odd building projects are on the go and unaffected by the current problems. Some £110 million of Government money, which was brought forward in the pre-Budget report to the current spending period, is in addition to the £2.3 billion that we have already spent in the past three years. I recognise that there are serious issues for colleges applying for new capital funding at the moment, and I understand their frustrations with the delay. They have significantly invested time, energy, money and commitment in developing such projects. I understand, too, that with uncertainty comes worry. I want to repeat the commitment made by my right hon. Friend the Secretary of State for Innovation, Universities and Skills and me that we are working as quickly as possible to get a clear and coherent approach so that we can offer all colleges, whatever their position, the clarity and the certainty that they need.

Let me turn to the specific issues affecting the hon. Gentleman's constituency and college. First, though, let me say how pleased I am to acknowledge the outstanding service provided by Canterbury college to the people of south Kent. The college is playing a vital role in the community through high-quality educational provision and increased support to local business through its outstanding performance in Train to Gain.

Investment has been crucial to the college's success. Seeing the benefit that capital investment can have on a community such as Canterbury is exactly why this Government have invested so heavily in schemes across the country and are committed to continuing to do so. Canterbury college has already received more than £20 million in capital funding, which enabled it to complete phases 1and 2 of the college's redevelopment. The hon. Gentleman talked about the new children's centre, the technology centre, and the post-16 centre that houses modern classrooms, study rooms and science laboratories. He told us about the second phase. He also talked about the unique, street-like layout that includes a restaurant complex and training facilities, which I have not yet seen.

Mr. Brazier: The Minister must come and visit. I think that he will be impressed.

Mr. Simon: I was going to say that over the past few months, I have seen more details of college capital building projects than I would otherwise have done as a new Minister, and rarely have I seen any that I have been more tempted to visit because of their and interest and excitement than those in Canterbury. Given that the third phase includes a spa and tennis courts, which are already well advanced, I might take up the hon. Gentleman's offer.

Naturally, I will not comment in detail on Canterbury's application, as individual funding decisions are the responsibility of the LSC and not of Ministers. However, what I can say is that I am listening to college principals and MPs. I genuinely understand their concerns and am urgently pressing the LSC to give everyone a clear way forward.

According to the Foster review, there are currently 79 projects. The hon. Gentleman asked me for the total outstanding cost of those that have received approval in principle. It is £2.7 billion and there are projects worth a further £3 billion that have applied for, but not yet received, approval in principle. It is quite clear that all such projects cannot be funded on the time scale envisaged in this funding round. That is why my right hon. Friend the Secretary of State asked Sir Andrew Foster to compile his review.

Sir Andrew's report is very clear. He says:

"A good policy has been compromised by the manner of its implementation. The policy intent to transform the FE estate is clear and positive. But the implementation approach"

this is the crucial part—

"did not include a robust financial strategy or a regional or national approach to prioritisation."

Recognising the failures, the LSC's former chief executive, Mark Haysom, resigned on 23 March and Geoff Russell, formerly of KPMG, was appointed as acting chief executive on the same day. He said that his first task was urgently to provide certainty and clarity about the college building programme. Geoff Russell has appointed property experts to support the LSC to undertake a comprehensive assessment of all colleges to get more robust and reliable information. Secondly, he has asked Grant Thornton to review the financial data held by the LSC to ensure, as Sir Andrew Foster recommends, that

"the process is grounded in fully accurate and detailed information about capital schemes in the pipeline."

Thirdly, he has immediately appointed a director to be personally responsible for the capital programme, which was in response to Sir Andrew's conclusion that there was no clear overall responsibility for the capital programme within the LSC.

While that work is going on—I have been told that it is going on very speedily and successfully—I have made it clear to all college principals that we will not allow any college to get into a situation in which it cannot meet its financial obligations as a result of decisions taken by the LSC on the capital programme. I should like to take this opportunity to say that if any principal is worried about their financial situation, they should get in touch with their local LSC, which will advise them on the best course of action.

Let me turn to some of the last questions raised by the hon. Gentleman. He asked for the machinery of Government changes to be stopped. I understand where he is coming from, but I have to disappoint him. Now, more than ever, is a time when employers and individuals need the skills that will help them not just to survive the economic downturn but to emerge more competitive when business picks up again. That is why we are creating the Skills Funding Agency, which will concentrate on results, not processes. It will help employers find the

[Mr. Simon]

training that they need, and access Government funding in a much more direct and straightforward way. As this process is now so near to completion, it is the time not to slam on the brakes but to press ahead and deliver the changes as speedily and efficiently as we can, which we think that we are on track to do.

Capital projects are long-term schemes that are prepared, built and paid for over a number of years, which is why Geoff Russell, the new acting chief executive, has appointed external property experts, Grant Thornton, to verify the information and to ensure that Sir Andrew's recommendation that the process is grounded in accurate and detailed information is met. Clearly, however, as Sir Andrew also recommends, the programme must move from a demand-led process to a needs-based approach. It is vital that, moving forward, we have a set of transparent criteria that the sector supports. That is why the LSC is consulting the sector. In co-operation with the Association of Colleges, it has established a group of college principals to help draw up the criteria for prioritisation to meet Sir Andrew's recommendations.

Mr. Brazier: I am listening carefully to the Minister. Clearly, the working group will come up with some recommendations on the crucial prioritisation factors to decide what can and cannot be afforded. However, presumably, Ministers will at least have an input to that. In fact, I imagine that they will have to sign off the list of criteria. Will the Minister give some indication what criteria he and his ministerial colleagues in the Department for Innovation, Universities and Skills believe should be given importance?

Mr. Simon: Ministers will have some input in drawing up, at the very broadest level, the policy parameters of the criteria that may be taken forward, but they will not have an input in the process at any level of detail. Certainly, they will not have an input in deciding which colleges get what in future.

Mr. Brazier: The Minister is making a serious attempt to answer all my points, for which I am grateful, but we are in danger of mixing two separate points. Everybody understands that the LSC and successor bodies will decide the allocation to individual projects, but the question of setting the criteria must surely be agreed between the LSC and the Government. Presumably, the Government of the day, who are answerable to Parliament, will not let the LSC make the criteria without Ministers taking a view on them.

Mr. Simon: The hon. Gentleman has given an accurate description of the situation. The Department and the Government are talking with LSC officials about the kind of criteria that will guide the process. Those talks are ongoing. The process of drawing up the criteria is making good progress and we expect to be able to report on it pretty soon. The Government remain committed to rebuilding the further education estate but, again, I understand the frustration caused by the delays.

As the hon. Gentleman eloquently said, colleges are an essential part of communities. Investment in further education has been doubled since 1997 and colleges now bring learning directly to the heart of communities in ways that were not previously imagined. That learning is practical and grass-roots. It gives people the basic skills to enable them to get sustainable employment, and business the skills to generate wealth and prosperity.

I can assure the House and the hon. Gentleman that my Department and the LSC fully understand the need for urgency. Well advanced projects such as Canterbury are crying out for clarity and certainty. We understand that, as does Geoff Russell in the new leadership of the LSC. My commitment to those colleges, the hon. Gentleman and the House is to identify quickly, and set in place, a clear and coherent approach to ensure that lessons are learned, not only by my Department and the LSC, but by the new SFA.

12.46 pm

Sitting suspended.

Banking Practices

12.59 pm

Mrs. Linda Riordan (Halifax) (Lab/Co-op): I am delighted to have secured this debate on responsible banking. It is an important issue in my constituency, where many jobs, provided mainly by Halifax Bank of Scotland, are reliant on the banking sector. It almost goes without saying that the debate is timely. Indeed, I should like to pay tribute to the thousands of people who work in the finance sector in Halifax and neighbouring constituencies such as Calder Valley. During these uncertain times, they have kept quiet, complained little and continued to do a superb job at work. They are loyal, dedicated and committed workers who deserve more information and reassurance about the future security of their jobs and the banking sector in Halifax than they are privy to at the moment.

Despite the irresponsibility of HBOS management over the last 12 years, the bank's position in my constituency would be far worse without the hard work and diligence of its employees. Because of the reliability and devotion shown by employees in my town, I urge the Minister to place on record an assurance that the Government are doing all that they can to guarantee that there will be no compulsory redundancies in the banking sector in Halifax.

The events of the last 12 months have changed the banking sector for ever, not just in this country but around the globe. Many words have been spoken, pamphlets printed and hours of debate held in the House on why the problem arose, what is to be done to prevent it from happening again and how we can help change the direction of banking to take the industry down a more responsible road that embraces the values that many banking bosses failed to embrace during the age of irresponsibility.

During this debate I will outline from my constituency's perspective how that lack of basic prudence and common sense has caused pain and uncertainty to the people who work in the banking sector and rely on it. Families are supported by it, businesses are dependent on it and the town is built on the Halifax building society. In short, not one voter in my constituency has not been and will not be affected by the poor choice and misdemeanours of a few.

To reflect on some of the events of the last decade, it is surprising only that the banking system did not fall earlier. I applaud the measures that the Government have taken in the past year to address the situation, intervene and save jobs and banks. The banks jumped off the cliffs; thankfully, our Government caught them. Without their swift action, regulatory policies and injections of finance, things would have been a lot worse. However, we now need to shift the agenda from the "spend today, worry tomorrow" attitude to which so many financial institutions have become accustomed to a "responsible lending, responsible borrowing" dialogue between banks, customers and the Government.

The Chancellor recently urged a much-needed change in the culture of our banks, yet that change cannot and will not happen unless we the customers, when we want to buy a house, take out a loan or deposit money, have the necessary and currently lacking confidence in the banking sector. That requires an industry accountable to its members and to customers, not to stock markets and speculators, in which responsibility is paramount and prudence is at the heart of its reformed corporate ethic.

I gained some reassurance from Lord Turner's recent comments. He envisaged a future situation, once the current mess is cleared up, where the banking sector emerges from the rubble looking very different. I propose that that difference involves integrity, foresight and accountability. Unfortunately, there is a lot of debris to clear up before that can happen. Much more can be done to ensure that that transition is completed. I press the case for more responsible banking, not merely as a short-term fix to overcome the current problems but as a means of ensuring a sustainable, responsible banking system, not just for today or for the next couple of years but for generations to come.

The mistakes that helped bring about the current crisis and the irresponsible way that some banks were run and operated purely for short-term gain have been well documented. Those days may have gone for now, but they remain on record as a reminder of the absolute chaos that caused one of the most intense and unsustainable recessions that this world has ever seen. It is our job as legislators to ensure that they never return. When the Titanic sank, we ensured that no ship ever ran that risk again. When world war two finished, we made peace with our neighbours. However, when it comes to the great depression, it turns out that we were not so good at learning from history after all.

The performance of the former members of the HBOS board who let down so many of their staff and customers was formidable. Their refusal to apologise or grasp their monumental failures was breathtaking. Added to that, the fact that they are cashing in huge pensions while people in my constituency wonder if they will still have a job and be able to feed their families next week speaks volumes. The management team's priority was banking for profit, profit and more profit. There was no onus on them regarding responsible business, customer care or building a solid banking model, the rock on which the Halifax building society was built. It is true that many of the banking sector's problems were caused by the global recession, but I feel that many of the troubles in our banking sector occurred despite the global downturn, not because of it.

HBOS's biggest mistake was to take its eye off the financial ball. Its slogan during its decade of decadence should have been "Greed is good". It over-relied on money markets to raise funds to finance its business, short-sold and lent at six times people's salaries. I could go on. The problems at HBOS can be traced back 12 years to when it demutualised. From that moment, all the things associated with the Halifax building society—reliability, dependability and security—disappeared. For 150 years, the Halifax building society was a safe place for investors and a dependable mortgage broker. Unfortunately, 150 years of reliability have been undone during the last 12 years of irresponsibility.

Will the Minister state the Government's position on remutualisation? Have they pushed the case for remutualising the Halifax, for the benefit of my constituents who work at the bank and give it their custom? Will he also outline what further plans the Government have, in addition to the measures already taken, for encouraging models of socially responsible banking? There is no better time to act, as the Government have never owned

[Mrs. Linda Riordan]

so much of the sector and will never do so again. We need regulation to bring about responsibility. That means creating a banking sector that is accountable to its members and customers rather than stock markets and speculators and that does not rely on money markets. Banks should generate funds from the money that they hold. If more institutions had done so in the last decade, many of the current problems would not have occurred. Ethical policies should be decided by customers, so that they have a sense of ownership of products.

What work is being done to introduce such forward-thinking ideas into other parts of the banking sector? The ideas are not new—indeed, the Co-operative bank already uses such practices—so why are other financial institutions not following suit? During the last decade, when banks such as HBOS were short-changing their customers, the Co-op bank was quietly getting on with its job. Of course, its aim was still to make a profit, but by doing it in a socially responsible way, it has reaped rewards. Profits are up, its customer numbers have expanded and a new super-mutual could be created shortly as a result of the bank's merger with the Britannia building society. It makes me proud to be a Labour/Co-operative Member of Parliament. Banks such as HSBC have managed to sustain their savings levels. That has contributed to the gratifying position it now finds itself in of being the only institution increasing its lending capacity in a responsible manner.

If one good thing comes from this mess, which was caused by a few poor-thinking individuals and which the Government are taking action to clear up, it will be a progressive, forward-looking and socially-accountable model for the banking system of the 21st century. Responsibility must be put before risk to ensure that the terrible mistakes that have caused so much worry, heartache and distress are never repeated. The Government must ensure that no ship ever sinks again.

1.10 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I congratulate my hon. Friend the Member for Halifax (Mrs. Riordan) on securing this debate. As she said, there has been a fundamental breakdown of trust in the financial system not just in the UK, but around the world. Governments, regulators and the industry must work together to rebuild that trust, which was once a hallmark of the institution that takes its name from her constituency.

My hon. Friend has raised particular concerns about HBOS, and I pay tribute to the diligence and consistency with which she has pressed the case of her constituents who work for HBOS over the last few months. As she has reminded us, her constituents are right to be proud of the inheritance of the Halifax over many generations. I join her in paying tribute to the hard work of front-line Halifax employees. She asked about compulsory redundancies. I understand that Eric Daniels, the chief executive of Lloyds Banking Group, said that compulsory redundancies are not expected to be required for staffing reductions. I am grateful for the hard work of Yorkshire Forward. It is right that everybody should do what they can to help and Yorkshire Forward has played an important role.

As my hon. Friend said, HBOS expanded quickly and at an inopportune moment in the global markets, making it particularly vulnerable to the credit crunch. It had a large reliance on wholesale funding and large holdings of US asset-backed instruments, which left it vulnerable to a deterioration in market conditions. The House will recall the events that led to the merger between Lloyds TSB and HBOS. The collapse of Lehman Brothers had ramifications around the world. It followed a difficult period for HBOS, which had experienced poor take-up on a rights issue earlier in the year. The HBOS share price dropped over 80 per cent. between October 2007 and October 2008. In September, Lloyds Banking Group announced its interest in merging with HBOS. The Government agreed to amend competition law to allow the financial stability implications of such a merger to be considered alongside the potential effects on competition.

Recapitalisation by the Government in October, which included agreements with Lloyds TSB and HBOS, ensured that systemic failure was avoided. It is now clear that if HBOS had not merged with Lloyds, it would have required large financial support and may not have been able to continue as an independent financial institution. If HBOS had been allowed to fail, it would have been catastrophic for depositors, business, families, my hon. Friend's constituents and for taxpayers. It was right and in the interests of the taxpayer that the Government allowed the financial stability implications of the merger to be considered.

As my hon. Friend has said, we must learn lessons from the financial turbulence of the autumn, including what happened to HBOS. There must be improvements to the regulatory framework and stronger governance arrangements for banks, while we continue to ensure that there is responsible lending to the economy. She said that we need a model for the future with responsibility at its heart. I agree completely. That nails on the head what is required.

I, too, welcome Lord Turner's proposals. The Financial Services Authority has been consulting on new conduct of business rules that might be introduced before the end of the year. On prudential regulation, new capital adequacy standards are being negotiated internationally. That was a key element of the recent G20 discussions. The FSA is consulting on new liquidity requirements and new arrangements for corporate governance. The Government are committed to a review by David Walker. I will say more about that in a moment.

My hon. Friend knows that I cannot pre-empt announcements that will be made in tomorrow's Budget. However, I can set out in general terms what the Government want in future from the banking system and therefore from the regulatory regime. The design of regulation must recognise the importance of the financial sector to the economy as a whole. It should reinforce good behaviour and act as a check against bad practices. Rebuilding trust in the financial system will take time; there are no instant remedies or overnight solutions. That will start with an acceptance that mistakes have been made and a willingness to learn from them.

We must be careful not to jettison what works and is effective. We need to walk a fine line between there being sufficient regulation to safeguard the public interest, but not so much that we stem the flow of credit and stifle the innovation that can benefit us all. My hon. Friend has drawn attention to the proud record of the Halifax. It would be wrong to give the impression that

everything that was done in the past was wrong. By its nature, banking is about taking risks. We must manage that risk and ensure that the public interest is safeguarded. There is an unwritten compact between the banks and the public. Each needs the other. That relationship is important and it is important that we get it right.

Deregulation of global banking in the 1980s was followed by huge financial innovation in the 1990s. Combined with low interest rates around the world, particularly in the last 10 years, that set the scene for one of the biggest expansions of global credit ever seen. Banks everywhere took on too much risk and worse, they took on risk that many did not properly understand. The boards and shareholders of some banks believed it to be a one-way bet. Times were good and not enough questions were asked. There was no shortage of people who were happy to take advantage of the cheap credit on offer. At the same time, regulators around the world failed to keep up with the growing complexity in the system, which made it hard to spot the risks and harder still to deal with them.

Last autumn, following the collapse of Lehman Brothers and the realisation that some institutions could be allowed to fail, there was a complete breakdown in confidence in the global financial system. That had a big knock-on effect on many institutions, including HBOS. In response, some people have argued for a Glass-Steagall solution in the UK, which is named after the US legislation introduced in 1933 and repealed in 1999. That would divide investment banking from core deposit taking and lending. It would create a divide between what some have categorised as narrow and broad banks. Some have suggested limiting the scale and complexity of banks. I understand the arguments in favour of that approach, which focus on protecting the core banking system from risks to depositors, the taxpayer and wider financial stability.

The complexity of some institutions appears, in some cases, to have contributed to difficulties in the management of risk by banks and supervisors. Leaving aside concerns about competition, difficulties in smaller, simpler institutions can be tackled more easily than in larger, more complex ones, and the failure of a bigger firm is bound to be much more damaging. Those arguments, which have been marshalled by a number of people in recent months, are not without force.

In the past 18 months, we have seen that risks to the financial system no longer arise mainly through depositors. The channels of contagion are more varied and complex than they used to be. The failure of Lehman Brothers had a massive impact on markets even though it was not a significant deposit taker. The consequences of that collapse around the world were much more severe than was expected. Banks of all sizes have encountered difficulties, and it is not clear that larger banks are more likely to fail than small ones—or the other way around. Narrower banks have seen at least as many difficulties as broad ones, so dividing commercial and investment banks on the basis of ownership would not address counter-party risk exposures between banks, and therefore would not address the issues raised by the current disruption in the market. Neither would it insulate pure deposit-taking institutions from the failure of an investment bank.

I do not think that there is a simple solution. Resolving the tensions will, no doubt, be difficult, which is why there should be a new compact between people and banks, particularly between banks and their customers. People need to have confidence that their savings will be safe when they deposit them in a bank, just as people always had confidence in the Halifax building society, as my hon. Friend has said. When banks use those deposits for loans to home buyers and businesses, they must ensure that the original depositors can be paid back.

The compact must be built on responsibility, fairness and choice. There must be shared responsibility between the banks, the regulators and the customers, and I join my hon. Friend in placing a great deal of emphasis on that responsibility aspect. Secondly, there must be fairness, with banks and financial institutions that operate to benefit customers, businesses and the wider economy, and not just their shareholders or even just their shareholders and employees. There must also be choice, with properly regulated banking markets founded on competition, openness and efficiency. Banks are commercial organisations, but they also provide an essential service. No Government should try to remove risk taking from the system, and we certainly would not wish to do that, but Governments must act to protect people when excessive risk taking threatens us all.

Banks, and particularly their boards, need to recognise that their duty to shareholders is best fulfilled by acting in the interests of their customers and, not just some, but all of their employees. Bank boards need to focus not on short-term profits, but on long-term wealth creation, which is best served by meeting the needs of all their customers. To do that properly, boards need the right information, skills and experience, and an ability to take a broader view. That is why we have asked David Walker to review banks' corporate governance and to make recommendations to strengthen the oversight of bank boards. His interim report is due this summer.

The Government have also been focused on maintaining the flow of credit to the economy during the financial crisis. That is one of the most important aspects of the economy's operation that needs to be safeguarded. In the pre-Budget report, before Christmas, we announced the creation of a new lending panel to monitor lending to businesses and households and to drive up standards of industry practice in taking decisions on lending. As part of that new monitoring task, the Bank of England is publishing a monthly "Trends in Lending" report, the first issue of which was published this morning. The report draws on a new collection of data, covering all the major UK lenders, and sets out, in the public domain, data on the extent of lending being achieved.

Let me pick up on my hon. Friend's points about mortgage lending before I finish. The Government put in place statutory regulation of first charge mortgages by the Financial Services Authority in 2004. The regime requires lenders to lend responsibly, treat their customers fairly and regard repossession as a last resort. To pick up on her point about a practice that developed in the industry before problems arose, the Government have asked the FSA to consider how new mortgages for more than 100 per cent. of house value should now be treated. The FSA has stated that it will publish, in September, a paper on mortgage regulation that will consider product regulation, including maximum loan-to-value and loan-to-income caps. However, the steps that we took to regulate the mortgage market have undoubtedly averted a still greater problem than would otherwise have arisen. That action has certainly been vindicated by events.

[Mr. Stephen Timms]

We must all work together to ensure that we learn lessons from what has become apparent over the past 18 months. We need to ensure that the regulatory framework protects taxpayers and others from excessive risk taking, while promoting growth and innovation that are in the interests of consumers. We also need to look at where improvements can be made to banks' corporate governance—the Walker review will make recommendations on that. We need to do all that in a way that supports the flow of credit to consumers and businesses.

I am grateful to my hon. Friend for raising these important issues in this debate. There is undoubtedly more work and more thinking to be done, but she is right to pay tribute to the work of those living in her constituency, and I hope that they will be able to serve not only their immediate area, but the whole country, in the years ahead, as they have done with such success in the past.

Cross-border Health Services (England/Wales)

1.27 pm

Mr. Mark Harper (Forest of Dean) (Con): It is a great pleasure to serve under your chairmanship, Mr. Hood. The purpose of the debate, which I have been fortunate to secure, is to raise ongoing concerns about the quality of health service provision for my constituents who live in Gloucestershire, in England—that is important—but who have general practitioners who are registered in Wales. The primary care trust has estimated that about 8,000 people in my constituency—a significant number—are affected by this issue. Devolution has created differences in the health care available in England and Wales. I shall not go into issues of devolution itself, but I shall argue that the Government have failed to think through how to implement devolution properly and the effect of that on constituents such as mine regarding health care.

As a result of devolution, there is no national health service any more. We have health services in England, Wales, Scotland and Northern Ireland that have different policies, which, in the English and Welsh services, are decided by English and Welsh Health Ministers. The 8,000 constituents whom I have mentioned are effectively forced to use health services over which they have no democratic control because they cannot influence the policies of the Welsh Assembly Government and they have no vote in Wales. I do not think it is right that they are forced to use some of those services, and that is primarily what I want to address.

The Department of Health—I think that the Minister himself has said this—has stated:

> "The border between England and Wales does not represent a barrier to the provision of health care".

That is true, but it went on to say:

> "Patients will not be disadvantaged as a result of any of the differences in the two systems".

My contention is that that is not true, and that there are disadvantages for my constituents, who do not have the sort of access that they should.

Let me give an example. A constituent recently wrote to me about his case. He had been in hospital, and had received excellent care, and the hospital had expected to discharge him into the care of community nurses working under the direction of his GP. He lives in Gloucestershire, but his local surgery is part of a practice that is registered in Wales, and there is no available funding. His GP could not get funding, so he is having to go all the way into Gloucester—25 miles from his home—two or three times a week to have some basic dressings changed and things done that should, frankly, be done by his GP. That is a direct result of the differences and the lack of a joined-up service health service in England and Wales.

Following devolution, the legislation did not make it entirely clear who was responsible for providing health care for people who live in England but who have a GP registered in Wales. A statutory instrument passed in 2003 made it clear that primary care trusts in England are responsible for delivering care for everyone who lives in England. However, that proved too complex to implement straight away in border areas, where lots of people live in one country but have GPs registered in another. I understand that that was complicated by the

different funding arrangements in England, where there is a payment by results system, compared with Wales, where there is a block contract system.

In 2005, a supposedly temporary protocol was put in place to address the issue. The protocol slightly altered the residence-based criteria and meant that commissioning was based on GP registration, rather than residence. The protocol applies only to primary care trusts along the England-Wales border, which, in England, includes Gloucestershire, Herefordshire, Shropshire and West Cheshire. As I said, the protocol was introduced in 2005 and was supposed to be temporary while the details were ironed out. Ministers have just announced that the protocol will be rolled forward to 2011, which is past the date of the next general election.

I have been raising this issue with Ministers since I was first elected. In 2006, the then Health Minister, Lord Warner, said that officials in the Department were working together with their colleagues in Wales to ensure that appropriate arrangements were in place when the interim protocol expired in March 2007. As recently as January this year, the Government said:

"It is anticipated that a more permanent and sustainable protocol will be agreed shortly".

In a recent answer to a parliamentary question, the Minister stated that

"the Government expects to agree a protocol with the Welsh Assembly Government as part of the finalisation of NHS business plans for 2009-10".—[*Official Report*, 23 February 2009; Vol. 488, c. 218W.]

Time and again the Government have promised to sort the issue out.

The recent report of the Select Committee on Welsh Affairs on cross-border services states:

"We are very disappointed that a permanent protocol on cross-border health services has not been agreed between the Department of Health and the Welsh Assembly Government."

The Committee also states that it was

"disturbed by the fact that this has not even been published in draft for consultation"

and that its

"interim report concluded that this was a critical issue in need of urgent consideration. The lack of a permanent protocol leaves clinicians and administrators in a strained position and risks adversely affecting patients as a result of cross-border commissioning and funding problems."

Given those commitments, I had expected that we would have a permanent solution in place by this financial year, which started a couple of weeks ago. I was disappointed to see the letter from the Welsh Assembly Government Health Minister that was sent to Welsh local boards on 1 April. The letter states that

"the principles set out in the revised protocol remain unchanged from the previous interim agreements."

This morning, I received a timely answer to a parliamentary question, which stated that a "revised protocol" is now in effect to replace the interim one. I am at a loss to see any significant differences between the new protocol and the previous one. As far as I can tell, the revised protocol is the previous one rolled over, with the one difference that it is now a two-year interim temporary protocol that runs through to March 2011. That is not a permanent solution, but it does take us past the next general election. Only a Labour Government could think that "revised" and "unchanged" are the same things. The Government have flunked dealing with the issue again.

Will the Minister explain why the interim protocol has been rolled over yet again despite everyone, including the Government, agreeing that it is not sustainable? Why have the Government not put in place a permanent solution and why, in the words of the Select Committee, does the issue appear to be "too hard" for Ministers to tackle. The Government have effectively said that they will not tackle the issue until 2011, so it will be the next Government, which I hope will be Conservative, who will have to sort this out.

The real issue is that a significant number of my constituents are forced to use health services in a system that they have no ability to influence. Health policies are set by Ministers in the Welsh Assembly Government and Edwina Hart, the Welsh Assembly Government Minister, has said:

"The Welsh Assembly government is responsible for securing health services for the people of Wales...Responsibility for English patients sits with the Department of Health in London."

If someone lives in England, they can vote on and influence only English health service policies, as my constituents can. However, a number of them are forced—they do not have any choice about it because they have no ability to use a GP registered in England—to use and are dependent on services provided by the Welsh Assembly Government.

A further twist to the problem is the issue of screening services, for example, in relation to bowel cancer. That is an appropriate example because April is bowel cancer awareness month. The issue was raised with me by a local GP, Dr. Alasdair Jacks of the Vauxhall practice, who is concerned about the risk to which his patients are exposed. Bowel cancer is one of the most common forms of cancer and it develops over a number of years but, if it is caught early, it can be cured.

In England, screening for bowel cancer is carried out according to someone's GP registration, but in Wales, it is done by residence. So if someone is one of the 8,000 people who live in Gloucestershire but have a GP registered in Wales, they do not get screened in England and they do not get screened in Wales. That means such people fall through the system and that their lives are effectively put at risk because they are not called in for screening. In a recent letter to me, the Welsh Health Minister Edwina Hart said that my constituents were not entitled to the Welsh service, that the Government in England were aware of the problem and that she thought they were dealing with it. I would be grateful if the Minister could say what Ministers will do urgently to make sure that my constituents have access to that screening service.

I understand that the same problem occurs in relation to the cervical cancer screening service, which works in the same way. Hon. Members will have seen the publicity surrounding the tragic death of Jade Goody and her attempt to secure a review of cervical cancer screening in England. That will be of little comfort to the thousands of my constituents who do not get any cancer screening at all based on the current system because they fall between England and Wales. What do Ministers plan to do to resolve that problem?

Another specific example is provided by a local case. A local care home based close to the border requested an ambulance and was given a number by its GP. The care home ended up speaking to the Rhondda Cynon

[Mr. Mark Harper]

Taf booking centre via the Welsh local health board. The booking was passed to the Welsh ambulance service, but because the care home is in England, which is outside the contractual area, no booking number was created and no booking made. As a result, a number of my constituents from that care home missed hospital appointments and the care home had to book taxis at its own cost. Again, my constituents were put at a significant disadvantage.

A further issue is that performance management also fails because in Wales it is based on residency, but in England it is based on the commissioner. That means that the treatment of around 8,000 people will not be monitored by any of the organisations that monitor the quality and performance of health services. The obvious response to all this is to say to my constituents, "You can choose a GP registered in England if you want to." Indeed, when the Minister wrote to me on 16 January, he told me:

"Patients are free to approach any GP practice and ask to join its list of patients."

Of course, he knows that the matter is not that simple. First, many people have been with their GPs for years and do not see why they should have to leave their family GP, with whom they are familiar. The family GP knows their health care and their family, and people do not see why they should be forced to leave them just because of devolution.

Secondly—I have been in correspondence with Ministers about this—a number of my constituents have tried to change their GP and have been refused. In the southern part of my constituency, there are no GPs registered in England. If people try to register with the closest GP registered in England, they find that the GP refuses to take them because they say that they are unable to look after them due to the distance they are from their home. The PCT does not appear to have any responsibility to ensure that people can register with a GP based in England. That is wrong, and I would like the Minister to deal with it. Does he agree that if someone lives in England, they should have the right to register with a GP based and registered in England, and that the GP or the primary care trust should have the responsibility to make sure that people can be registered in that way?

I am coming to the end of my remarks. I am not raising a new issue; this has been going on for a number of years. It was supposedly a transitional matter that occurred after devolution while the administrative and operational details were being sorted out as we moved from one system to another. However, the problem has not been tackled, and each year, an interim protocol is rolled forward. The Welsh Assembly Government and the Department of Health agree that such protocols do not provide a permanent solution, but they do not seem able to agree a permanent solution. That is causing real, demonstrable difficulties for thousands of my constituents. That is not good enough. Will the Minister answer my questions and set out why dealing with the matter is so difficult?

If someone lives in England, the PCT should be responsible for their health care. It should ensure that they have the ability to register with a GP registered in England. The health service that they vote for, that they pay taxes to and that they have influence over should be the one that looks after their health care needs. It should not matter that they live close to an internal border in the United Kingdom, but, at the moment, it does matter, and that has a real and potentially damaging effect on the health of my constituents. What I really want to hear from the Minister is what the Government plan to do about the situation, preferably quite soon.

1.40 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I congratulate the hon. Member for Forest of Dean (Mr. Harper) on securing this debate. Before I address in detail the concerns that he raised, I would like to recognise the good work that is being done in his local NHS. It is delivering a better-quality health service than ever before, on both sides of the border, thereby benefiting his constituents and those of other hon. Members.

As the hon. Gentleman acknowledged, the Government introduced devolution in 1999 to push power closer to the people of Britain. Prior to that, there was a single NHS across all the nations of Great Britain. Patients living along the border between England and Wales would register with their local GP practice and receive the health care they needed accordingly.

As the hon. Gentleman also acknowledged, the border between England and Wales has never been a barrier to health care. People resident in Wales have always accessed health services in England and those living in England have done the same in Wales. For many people in border areas, the GP practice nearest to their home might well be on the other side of the border. That is the case for a number of his constituents. There are 20,000 English residents who have a GP in Wales and 15,000 Welsh residents who have a GP in England. Some 8,000 people in the Gloucestershire primary care trust area, many of whom are represented by the hon. Gentleman, have a GP in Wales.

However, with devolution, the Welsh Assembly Government became responsible for health policy and the delivery of health services in Wales. This presented an administrative challenge for the NHS on both sides of the border. With responsibility for patients determined by residence, there was confusion among health care providers and commissioners when they were dealing with patients who were registered with GPs across the border. That inevitably led to tensions as health authorities tried to work out who should pay for a patient's treatment. There was also the problem of members of the public registered with the same GP receiving a different quality of service based on their residence.

Therefore, in 2005, the Governments of England and Wales agreed an interim protocol whereby responsibility for a patient would be determined by GP registration rather than by residence. Therefore, if a person's GP was in Wales, they would be the operational responsibility of the NHS in Wales, even if they lived in England, and vice versa. That arrangement was convenient for patients and more practical for both health services. It meant that, despite devolution, patients were still able to register with the GP who was closest to them.

Patients retain the ability to choose, which we believe is vital if they are to receive high-quality care. I will happily look into the examples that the hon. Gentleman gave, if he would like to furnish me with more details after the debate of people who have tried to register

with a GP in England because that is their preference but have been told by the PCT that there is not the capacity or that places are not available.

It is a duty of PCTs in England to ensure that GP services are available to serve communities. If, as the hon. Gentleman suggested, many people in his constituency would rather be registered with a GP in England, that is something that he and I can help them to take up with the PCT.

Mr. Harper: Can the Minister clarify exactly what PCTs are responsible for doing? My understanding is that they think that they are responsible for making sure that there is a GP available to the patient, but not for making sure that a GP registered in England is available. That has been the issue. I will remind him of the details of a specific case about which I have been in correspondence with the Department—I forget whether it was with him or another Minister—but we did not come to a very satisfactory solution as far as the PCT was concerned.

Mr. Bradshaw: I will happily look into that case and write to the hon. Gentleman with clarification, if I may. He says that he has constituents who live in Gloucestershire who want to be registered with a GP in Gloucestershire and do not mind making a long journey. There may be a problem, as he indicated, with the duty for GPs to do home visits, if the distance is very long. That is one of the reasons for geographical boundaries to GPs' lists. That may be a problem, but I do not know the details of the local area well enough. However, I promise to look into the matter and get back to him with more detail on it.

The implication of what the hon. Gentleman suggests could mean people being forced to register with a GP in their own country. If we were to base the system on residence rather than on GP registration, I suspect that many of his constituents would object to having to register with a GP in England if it meant that they had to travel much further or, indeed, had to deregister from a GP who happens to be in Wales with whom they are very happy. The current system also works much better for GPs who have to serve only one health organisation—the local health board or the primary care trust where they are based—and not deal with two separate and increasingly different bodies.

As the hon. Gentleman acknowledged, as of April this year, the English and Welsh Governments agreed a new protocol that will run until the end of March 2011. It will then be renewed in line with the three-year planning cycle and the comprehensive spending review.

The hon. Gentleman asked why there is no permanent protocol. The reason is that health policy on both sides of the border is dynamic—it changes over time. Therefore, we do not believe that a permanent protocol set in stone is sensible. The principles in the protocol are clear—I have spelled out some of them and will spell out a few more in a moment—but, as the English and Welsh systems diverge, it will become increasingly important to clarify the implications for cross-border patients, and to ensure that funding reflects patient flows. It is more important to have a framework in place that allows both sides the flexibility to respond to each other's policy changes rather than to have something rigid that would prevent us from making exactly the kind of changes that the hon. Gentleman would like us to make, to make life easier for his constituents.

The new protocol is much broader in scope than the original interim one. It provides greater clarity on commissioning and funding arrangements and will lead to further improvements for patients who live along the border. It allows both Governments to respond to changing health policies in the other country. It establishes a financial framework to take account of cross-border flows, which will continue to be negotiated annually.

The new protocol agrees the principles and the basis for the funding of secondary care. As there are more people living in England who have a Welsh GP than there are people living in Wales who have an English GP, my Department pays the net difference for secondary care to the Welsh Assembly Government. In 2008-09, it amounted to £5.8 million.

We have also agreed in the new protocol that my Department will provide Welsh commissioners with up to £12 million for 2009-10 to pay English providers' tariff prices under payment by results. We believe that that will help to reduce some of the tensions that there have been between commissioners and providers across the border over that issue. For example, the Countess of Chester hospital estimated that 20 per cent. of its activity comes from Wales. It said that it had received insufficient funding from Wales for that treatment, thereby creating an additional financial burden on the hospital. The revised protocol will address that issue in line with the commitment that I gave to the Welsh Affairs Committee last year.

The new protocol also clarifies standards of access for patients. It sets out what patients are entitled to, depending on where their GP is located. Officials from my Department will work with colleagues in the Welsh Assembly Government and the NHS to improve patient awareness of the implications of their GP registration. In England, at least—I cannot speak for Wales on this—PCTs in the border areas will provide information directly to patients in their annual guide to local health care services.

The hon. Gentleman asked about screening for bowel cancer. As he said, a cancer screening programme is being rolled out. In Wales, the decision was to issue invitations for screening based on residence rather than GP registration. That means that Welsh residents with an English GP may, theoretically, be called twice for screening, whereas an English resident with a Welsh GP may not be invited at all. The NHS in England is well aware of the issue and assures me that, as it implements its screening programme, it will ensure that nobody falls through the gap, and that everyone who is eligible is invited for screening.

I do not have the answer to the hon. Gentleman's question about cervical cancer screening, but I will happily write to him about it. That programme has been going for much longer, so I would be surprised if a solution had not been found to the problem, but I will clarify that in writing, if I may. I will also ensure that he gets a reply to the letter that he wrote to the Under-Secretary of State for Health, my hon. Friend the Member for Brentford and Isleworth (Ann Keen), on bowel cancer screening.

The national health service in England, Wales and Scotland remains and will always remain true to the founding values of the NHS: a tax-funded system, free at the point of delivery. The Department of Health and the Welsh Assembly Government work closely together,

[Mr. Bradshaw]

and will continue to do so, to identify and resolve any issues that will inevitably arise in a changing policy environment as a result of devolution.

Mr. Harper: I was listening very carefully to what the Minister said about the revised protocol that now runs until 2011. Given what he said, am I right in understanding that effectively it is not the intention of the Government ever to move away from that type of protocol? I ask because when the system was first put in place in 2003, PCTs in England were responsible for everyone who lived in England and it is those few counties that I have highlighted that govern matters on different arrangements. Is it the Government's policy that effectively that difference for those border areas will continue to exist indefinitely, or do the Government plan at some point to ensure that my constituents are treated in the same way as other people living in England?

Mr. Bradshaw: As I have tried to indicate, it is very important that we maintain the flexibility to respond to concerns. However, it is also important that the hon. Gentleman is clear about what the consequences would be for his constituents if we went back to a system whereby health care was based on residency rather than on GP registration. Far be it from me to raise hypothetical problems for him, but if we were to go back to a system based on residency he might discover that many of his constituents who are registered with a Welsh GP would find themselves either under pressure to register with an English GP or receiving a different level of treatment. For example, they would have to pay for prescriptions, which they do not have to pay for if they are registered with a Welsh GP. If that happened, they might be a lot unhappier about that than they are about some of the inevitable anomalies that arise from having two systems across a border and from having people living in one area while being registered with a GP in another.

What we have tried to do in this new protocol is stick to the principles that ensure that people receive a standard of service that they can be clear about and that is based on where their GP is situated. At the same time, people on both sides of the border are benefiting from improvements in health care in both England and Wales.

However, if the hon. Gentleman thinks that he has a better system or that he can write a better protocol to address some of these issues, I would be very pleased to see such a system or protocol. We have done our best, both in England and in Wales, to try to devise a system that is fair and clear to people. However, we do not want to set things in stone for the very reason that, as policy changes and as the two health systems in England and Wales diverge even more, it would be a mistake to set the systems and processes in place. I believe that the principles that we have are right; he may disagree and he may prefer to see a system based on residency rather than on GP registration. However, I simply suggest to him that such a system would perhaps create more problems and unhappiness among some of his constituents than the current system of health care based on GP registration creates.

Mr. Harper: The one solution to that problem is the one that I referred to in my speech, which is to ensure that patients have a genuine choice about the GP that they are registered with. I think that that would solve the problem. I will raise with the Minister the specific case that I mentioned. However, I think that the key issue is the one that he himself highlighted. GPs are concerned about the geographical distance for home visits, and in the southern part of my constituency there are not any GPs registered in England. Consequently, if people try to register with the closest GP in England to them, those GPs refuse to register them. Effectively, those people have no choice, which means that they are forced to use a Welsh-registered GP. That is the nub of the matter. If people had a genuine choice, some of what he says would be reasonable.

Mr. Bradshaw: One of the things that we are introducing in England, as opposed to Wales of course, is much greater choice for people in registering with GPs, and we are reforming the GP contract to deliver that greater choice for the public. However, I will happily look into the specific geographical problem that the hon. Gentleman has highlighted and discuss it with his PCT, to see whether there is any alternative solution that would satisfy both the principles of the protocol and, as he suggested was the case, the desire of some of his constituents to be registered with a GP in England.

Question put and agreed to.

1.53 pm

Sitting adjourned.

Westminster Hall

Wednesday 22 April 2009

[Mr. GREG POPE *in the Chair*]

Service Complaints Commissioner

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Watts.)*

9.30 am

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): It is a great pleasure to serve under your chairmanship, Mr. Pope, and to introduce a debate on the first annual report of the first Service Complaints Commissioner. Dr. Susan Atkins was appointed in the late autumn of 2007 and assumed her full responsibility to receive and monitor complaints from 1 January 2008. During the year of her office, Dr. Atkins has made herself available for discussion and dialogue with Members of Parliament, attending meetings of the all-party group on Army deaths and appearing formally before the Select Committee on Defence.

The commissioner describes the process of establishing an office that should remain independent of the Ministry of Defence, while gaining trust and building confidence in the positive role of independent oversight. Dr. Atkins has shown considerable energy in bringing together a team of newly recruited staff and developing a mechanism for handling complaints that is sufficiently robust and demonstrably fair.

As chair of the all-party group, I hear the anger of families who have lost loved ones, not only at Deepcut barracks but at barracks throughout the UK and overseas. Those families have experienced the inability of the armed services to deal with sudden death and the failure of all the systems that should be in place to guarantee an effective investigation.

When the father of Cheryl James, who died from gunshot wounds at Deepcut barracks, heard that I was introducing the debate, he said that

"the only real question is why Sir Nicholas Blake QC told families he would support our call for a public inquiry if the Government did not appoint a truly independent Armed Forces Ombudsman with the power to investigate complaints: They didn't and he didn't."

Families feel very bitter, angry and let down because they have not had answers to the questions that they need answered about the deaths of their loved ones.

Mr. James Gray (North Wiltshire) (Con): It is interesting that the hon. Lady has been talking about Deepcut. Could she explain how she thinks that the independent complaints commissioner could become involved in an event in which, tragically, the servicemen involved are dead? In other words, does part of her remit say that she could look into not only things that are going wrong today in the armed services, but things to do with the ways in which servicemen, tragically, have been killed or have died?

Mrs. Humble: The hon. Gentleman raises a very important point and I will come to it, because I want to explore the existing role and remit of the Service Complaints Commissioner and where I think it could and should be extended. The commissioner herself, in her inquiry, makes it clear that this is her first year and first report and that she will be considering in future years whether her position should be extended. I have one or two ideas on that.

Dr. Atkins sets out the role and responsibilities of the commissioner defined by the Armed Forces Act 2006. She describes the role as twofold:

"firstly, to provide a rigorous and independent oversight of how the Service Complaints System is working and to report annually to ministers and Parliament…secondly, to provide an alternative point of contact for Service men or women who do not feel they can raise a complaint with their chain of command without her oversight."

The commissioner may also receive representations submitted on behalf of a serviceman or woman, whether from friends, family members or anyone else with legitimate concerns. The 2006 Act specifically refers to cases being raised by a Member of Parliament.

The commissioner's role is not that of an independent ombudsman, and I regret that the Government did not feel able to accept the considered conclusions of both the Defence Committee and the Deepcut review conducted by Nicholas Blake, QC. In my view, the services have suffered from the absence of independent oversight and require a system of institutionalised checks and balances equivalent to those established to assist the police service and the Prison Service. The modern approach would be to welcome an independent ombudsman or commissioner with powers to initiate inquiries and conduct investigations where he or she regards it as appropriate to do so. Without acceptance of such a policy change, the oversight system is structurally flawed. As a result, confidence in the armed services is undermined and will continue to be an issue of public concern.

I think that protection of the lives of service personnel would also benefit from the establishment of an office that is equivalent to that of Her Majesty's inspectorate of prisons and police and is responsible for offering external advice on shortcomings and possible improvements in efficiency and effectiveness. I also believe that the services should, wherever possible, establish lay visitor panels to carry out inspections of military facilities, particularly training camps.

However, in Dr. Atkins we have a Service Complaints Commissioner who has expressed her determination to see the complaints system working effectively and fairly. That objective has merit, regardless of the outcome of the wider debate. Dr. Atkins has approached her job with an open mind, and I respect the way in which she has produced the report and liaised with Members of Parliament, families and service personnel.

Having said that, I am genuinely mystified by Dr. Atkins's conviction that she has no legal authority to handle the complaint of a relative or next of kin that relates to the circumstances of a death in the armed services or how such a death was handled. Outside the field of combat, the civilian police should have primacy in the investigation of the death, but that does not absolve the military of all responsibilities that arise from the duty of care. Failure to address the concerns of a bereaved family cannot be justified on the ground that the subject of the complaint is no longer a member of the armed services. That was not discussed in the passage of the Bill that became the 2006 Act and does not seem to assist the purpose of the legislation.

[Mrs. Humble]

Does my right hon. Friend the Minister agree with me that there should be no barrier to the commissioner's receiving a complaint regarding a death, the circumstances of that death, its effective investigation or measures taken to draw lessons in the public interest?

Mr. Gray: I am grateful to the hon. Lady for giving way again. I understand the point that she is making, which is interesting, but does she not think that if the commissioner were allowed to go down the track that she is advocating, there would potentially be a conflict with the role either of the coroner or of the military? One thinks, for example, of the Chinook crash on the Mull of Kintyre or the Hercules XV179 crash. Would the commissioner be authorised to investigate those cases that have perfectly properly been looked into by other authorities?

Mrs. Humble: The hon. Gentleman makes an interesting point. However, on many occasions I have raised questions in the House about how families obtain answers to the questions about how their loved one died and on every occasion I have been told by Ministers from the MOD that they obtain their answers through the inquest system, but sadly the way in which the inquest system works has not given those families the answers that they deserve.

I am not casting any aspersions on coroners. I am on record as praising the coroners of Wiltshire and Oxfordshire, who have built up a great expertise in dealing with Army deaths. However, the coroner system, because of the way in which it has been set up, is an inquisitorial system that has limits. The hon. Gentleman and I have debated this issue in the past. Families usually do not have legal representation in a coroner's court where the MOD does, so they feel at a disadvantage from the start. In the case of many of the families who come to me—I am referring to the Deepcut and Beyond families group—their loved ones died several years ago. When I speak to them, they often tell me about the most appalling circumstances at inquests where the coroner's court met for 15 minutes and dealt with the issue, so they have not had answers.

I am not saying that the hon. Gentleman has not made an important point. He has, and the issue needs to be clarified.

Since December 2008, the Service Complaints Commissioner has had a role in the notification of unexplained deaths, so the Government have recognised the issue. What I am looking for at this first stage of the debate on Dr. Atkins's role and responsibilities is for us to examine the complexities of such issues and consider how her role can be better used, without, of course, trespassing on any criminal investigation, the operation of the coroners' courts or any other court proceedings that might come into effect following the death of someone in the armed services.

The Minister for the Armed Forces (Mr. Bob Ainsworth): My hon. Friend is going into these issues in great detail, but she has just told the Chamber that the MOD usually has legal representation whereas the families do not. That is not so. The MOD usually does not have legal representation and is not represented legally in the majority of cases at coroners' courts.

Mrs. Humble: I hear what the Minister says. The families that come to the all-party group—they are part of the Deepcut and Beyond families group—tell me of their experiences. In their experience, the inquest can, as I outlined, be a very brief affair, although that tended to be more the case some years ago. More recently, the MOD has been represented by an array of barristers, while the family has not been. When families have sought legal aid funding, they have found themselves in a difficult position because they have been means-tested, as anyone else in the legal aid system would be. They feel disadvantaged, and we need to equalise that situation. Where there is an unexplained death, and there may be article 2 implications under the Human Rights Act 1998, the MOD needs to look seriously at the support that the families receive, to ensure that they feel that the inquest system gives them answers. Increasingly, coroners are giving narrative verdicts, which lay a duty on the MOD to provide answers.

Pete Wishart (Perth and North Perthshire) (SNP): The hon. Lady's description matches the experience of my constituents Jim and Yvonne Collinson—they lost their son James at Deepcut—at their public inquest just a couple of years ago. However, families are being failed not just by the inquest system, but by the Ministry of Defence's own boards of inquiry. Ten years after their son's death, Jim and Yvonne Collinson are still waiting for the board of inquiry into what happened to him. That is incredible, given that boards of inquiry are established to look at precedents to see whether lessons can be learned. I do not know whether the hon. Lady has a view on the issue, but is it something that the Service Complaints Commissioner could also look at?

Mrs. Humble: I agree that there are serious delays with some boards of inquiry. There is also concern about how evidence that is given to a board of inquiry can then be used in a coroner's inquest. Above all, however, we have to put the families at the centre of this. They need answers about what has happened to their loved ones. As the Service Complaints Commissioner makes clear in her report—I shall go on to speak about this—she wants lessons to be learned so that they can be used to improve the delivery of the duty of care to our service personnel, as well as the efficiency and effectiveness of our armed services. This should be a win-win situation.

Lembit Öpik (Montgomeryshire) (LD): The hon. Lady mentioned the difficulties and limitations of the inquest system as it stands. She will be aware that Des and Doreen James, whose daughter Cheryl was, I believe, murdered at Deepcut barracks, were told before the inquest even took place that she committed suicide. Is the hon. Lady aware that there was a perfunctory inquest, which Des and Doreen James were able to attend only part of, and which simply confirmed the Army's claims? Is she also aware that people such as Des and Doreen James have had their faith in the state entirely shattered, not least because, in the 14 years since Cheryl's death, they have been unable to have the police inquiry into the previous police inquiry released so that they can find out what went wrong?

Mrs. Humble: Before the hon. Gentleman arrived, I quoted his constituent Des James. Out of courtesy to the hon. Gentleman, I will repeat what I said. The father of Cheryl James made the important point about today's debate that

"the only real question is why Sir Nicholas Blake QC told families he would support our call for a public inquiry if the Government did not appoint a truly independent Armed Forces Ombudsman with the powers to investigate complaints. They didn't and he didn't."

Mr. James is understandably angry about that. One thing that I want to come out of the appointment of the Service Complaints Commissioner is that families feel that they can approach her and that she has a responsibility to look into unexplained deaths. As I mentioned, the MOD has recognised that she should have a role, but it relates to the notification of unexplained deaths. I urge the Minister to ensure that Dr. Atkins is kept in touch with the progress of Royal Military Police and civilian police investigations, the service inquiry and the coroner's inquest.

I take the point made by the hon. Member for North Wiltshire (Mr. Gray) about respective responsibilities, and I am urging not that the commissioner become involved in the investigation process, but that she be kept informed. We can then learn from experience what role, if any, she should have. Again, however, my touchstone is making sure that the families get answers to their questions.

Mr. David Crausby (Bolton, North-East) (Lab): Will my hon. Friend accept that the original reason why the Defence Committee recommended an ombudsman was not so much to make things easier for a subsequent inquest and inquiry, but to prevent bullying and deaths? As Dr. Atkins says, one problem with the present system is the lack of confidence in it. It is vital that service personnel and their families can confidently make complaints and take up issues, not so that we can resolve problems after someone has died, but so that we can prevent bullying and deaths.

Mrs. Humble: My hon. Friend makes exactly the right point. I will talk later about the importance of a culture change in our armed forces. Families that have lost loved ones in non-combat circumstances want answers about what happened to them, but they also want lessons to be learned—they want our armed services to respond differently and to prevent incidents wherever possible. Clearly, some accidents will not be preventable, but there are ways in which our armed services can deliver better on their duty of care to individuals.

Dr. Andrew Murrison (Westbury) (Con): I hope that nothing that the hon. Lady says will be taken as a vote of no confidence in the advent of the coronial service's involvement in proceedings into the deaths of servicemen, and I am thinking particularly of deaths outwith the United Kingdom. The coronial service has done the armed forces community a great service in the way in which it has proceeded in recent years, and I am thinking particularly, in a partisan way, of the coroner who sits in Trowbridge. I have to say that I share the concerns that have been expressed about the confusion that the system advocated by the hon. Lady may introduce into the investigation of serious complaints about the treatment of people in the armed forces.

Mrs. Humble: I fear that the hon. Gentleman misunderstands what I have said. I am on record in this place as praising the efforts of our coroners. I am making it clear that the coronial system and inquests have failed some families in the past. Within the operation of the existing system, in spite of the good work of many coroners, many families who seek proper answers about why their family members died still do not get them. The point that I am making is that when we debated the 2006 Act and considered the role of the proposed ombudsman or Service Complaints Commissioner, there were comments about how important it was that the office should have a role in listening to complaints from families about deaths of loved ones. I was therefore surprised and taken aback when Dr. Atkins came to the first of two meetings of the all-party group on Army deaths that she attended, and made it clear that she had no role in the system. Since then the position has changed and Dr. Atkins is notified of deaths.

I am being very careful about what I am saying and do not propose anything that would trespass on the proper responsibility of either the coroner's court or the police or, indeed, of the board of inquiry, in making investigations. I am, however, saying that the families who come to me highlight serious concerns about all of those. The hon. Member for Perth and North Perthshire (Pete Wishart) spoke in an intervention about serious delays in a board of inquiry. There is concern that some individuals who have given evidence to boards of inquiry cannot be questioned when a coroner's inquest is called on the same death.

I welcome some of the proposals in the Coroners and Justice Bill, such as the charter for bereaved families, which will be an excellent move forward, and the change in rule 43 of the coroner's rules, enabling the coroner to send a narrative verdict to the appropriate Department, which must respond within 56 days. Things are moving ahead.

The point that I am making now, in my consideration of the responsibilities of the Service Complaints Commissioner, is about her new role of being notified of unexplained deaths: what is the purpose of notifying her, and can that purpose be taken further? It seems that she is simply notified, full stop; but will families have an opportunity to contact her, as they can about complaints that concern living members of the armed forces? In answer to the point made by the hon. Member for Westbury (Dr. Murrison), I am not suggesting a new process; I am drawing attention to the fact that whereas previously the commissioner had no role in relation to deaths, she now has a role and is notified of them. I am asking what seems a perfectly sensible question: can and should that role be expanded, and if so, how can it be expanded without trespassing on the perfectly proper current arrangements for investigation?

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): I congratulate my hon. Friend on the strong leadership that she gives with respect to the tragic events affecting the Deepcut and Beyond families. Surely the point of Dr. Atkins's appointment is to bring transparency and clarity into the process. Perhaps something could be done together with Daniel's Trust, which is an organisation set up by Lynn Farr and Norma Langford, a constituent of mine, the death of whose son in Belize was said to be suicide, although his parents claim that that would have been totally out of character. Surely that is what we should aim for: to improve the situation and to support families who have tragically lost sons and daughters.

Mrs. Humble: I have met my hon. Friend's constituent and she and Lynn Farr do sterling work through Daniel's Trust. I shall refer to them later, and they are an excellent example of an organisation that members of the armed forces trust. They go to Daniel's Trust to complain or express concern, when they will not go through the chain of command. That highlights issues that the Service Complaints Commissioner raises about the gap between the number of complaints that are raised with other organisations and those that come to her through a formal process.

I want to move on to take further what the commissioner says in her report. She provides a clear and comprehensive account of her responsibilities and the work undertaken so far. She accepts the need for greater awareness of her role and describes the difficulties of establishing a baseline of good and bad practice against which she can measure future progress. Dr. Atkins talks of narrowing the gap between perceptions of harassment and bullying and the number of complaints perceived. The commissioner has made a start in pushing for an audit of the service complaints system, but available information about the number of complaints received reflects more accurately the findings of the recruit training survey of 2006-07 that 31 per cent. of trainees believed that if they submitted a complaint it would not be dealt with fairly. Dr. Atkins's first-year experience shows a real need for the Service Complaints Commissioner's role to include helping to improve the service complaints system and giving servicemen and women and their families confidence that they will be treated properly.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does not the way the Service Complaints Commissioner system is set up focus predominantly on individual redress—not, especially, on organisational improvement? The commissioner makes that clear in her report. Does my hon. Friend think that it is possible under the existing legislation for those two aims to be at the heart of what the commissioner is doing, avoiding a sole focus on individual cases, important though those are? How can the commissioner stand back and draw general conclusions and suggest general improvements for the organisation?

Mrs. Humble: My hon. Friend anticipates the conclusion of my speech, because I shall make exactly that point, and agree with what the commissioner says in her summary of her conclusions.

Dr. Atkins reports that a 2005 survey found that 42 per cent. of servicewomen felt there was a problem with sexual harassment. More than two thirds of women interviewed reported experiencing adverse sexual behaviour ranging from unwelcome comments to criminal assault in the previous year; 15 per cent. reported having a "particularly upsetting experience". On 21 February 2008, in response to a question at column 859W, the Ministry of Defence reported that only 32 complaints of sexual harassment and eight of sexual discrimination in the armed forces had been received in 2006-07. That is startling evidence that under-reporting is rife. I agree with the commissioner that robust reporting systems should be available to support the complaints process. It is difficult to make decisions about management procedures and future policy without reliable statistical evidence. That should be available from unit level to the highest echelons of the services.

Dr. Atkins draws eight main conclusions and bases her 17 recommendations on them. The Service Complaints Commissioner regards timeliness of handling and communicating complaints as a critical aspect of provision but finds current performance "generally poor". She makes recommendations on timetable target-setting, use of specialist equality investigation teams and measures to ensure effective communication with the complainant and the person who is complained about.

I should like the Minister to address a point about allegations of bullying. When soldiers are being bullied or perceive that they are at risk they frequently need protection, and that must be prompt. The findings of the Surrey police so-called fifth report into incidents at Deepcut barracks between 1995 and 2002 provide a wealth of information about the internal service culture on the camp at the time. It is well known that the police investigation of the conduct of training instructor Leslie Skinner led to a successful prosecution. However, Surrey police say that not one of the 13 alleged victims had felt confident enough to access any of the welfare services, confidential information lines, faith-based counsellors or senior officers that should have been able to provide redress.

In my capacity as chair of the all-party group on army deaths, I have been told by concerned parents and groups such as Daniel's Trust that recruits who are being bullied or who fear that they are at risk of bullying believe that they have no option but to escape immediate risk by going AWOL. What steps will the Minister take to assure recruits who feel under threat of bullying that their safety can be guaranteed and that action can be taken without delay?

The Service Complaints Commissioner states:

"There is a need for more ownership and proactive management of complaints at the heart of command".

I wish to make two points about that. First, I want to see a culture change in the armed services, and Parliament has a critical role to play in that.

The commissioner finds that too few servicemen and women have the confidence to speak out when treated badly. All service personnel should feel able to voice their concerns if they are victim to bullying, discrimination or harassment. There should be an open and honest environment for everyone. Complainants should not be seen as troublemakers. They should be supported, not shunned. Many feel that making a complaint will impact negatively on their career, and there is evidence that some wait until they leave the services before making a complaint.

The enlightened employer should encourage feedback and protect whistleblowers who act in the public interest. The environment that pertains in the armed services clearly presents a greater challenge for the exercise of that responsibility, but I invite the Minister to join me in asserting that the greater risk of maintaining a culture of silence and complicity requires that solutions are found.

The second point is this: the commissioner should be given greater assistance in developing a flexible approach to what should be regarded as a complaint. Why should the evidence given and the allegations made by the BBC about bullying at Catterick not be given the formal status of a complaint requiring investigation? The commissioner is required to receive communications

from a Member of Parliament on behalf of service personnel. Does such a communication constitute a formal complaint? If not, why not? Dr. Atkins refers in her report to receiving letters from Members of Parliament. Will the Minister assure me that he is routinely informed of serious incidents, and that commanding officers are required to ensure that a death in barracks is reported to the commissioner within 24 hours?

Dr. Atkins concludes that the focus of the service complaints system, which is to provide individual redress, must be broadened to take account of the need to address failure and to learn from it. If mistakes are identified, the system should provide a means by which they can be addressed. Complainants need to be secure in the knowledge that they will be treated seriously and well, and that complaints should result in organisational improvement. There should be evidence to show that once complaints are proved, changes are made. That is similar to the direction taken by the Government in their proposals for coroner law reform. The commissioner makes specific recommendations, but I wonder whether the Minister, when responding to the debate, will find a form of words to endorse the dual purpose approach that she advocates.

The Service Complaints Commissioner reports her wish to promote greater awareness of the existence and role of her office. I understand the difficulty of achieving a satisfactory level of recognition in the first year; the Irish ombudsman found a similar time lag. Although that guarantee of awareness will ultimately show the commissioner's effectiveness in meeting her objectives, I believe we all have a role to play. The Minister should draw up a plan to promote awareness and to ensure that we have parliamentary time to discuss it.

In my role as chair of the all-party group on army deaths, I am keenly aware of the work of bereaved families in trying to prevent the children of others falling victim to the same fate. If those families have confidence in the role of the commissioner, they will willingly promote her services. I bring to the attention of the House an initiative taken by Debra Williams, whose son Gavin was beasted to death at Lucknow barracks in 2006. Debra used her son's story to urge others to work together to prevent future loss of life. Her website—stopbeastingsinthearmy.com—provides information and advice for families who think that their children may be at risk. It is important to find a way to give victims a voice in the process of creating greater awareness. The commissioner is already in touch with a number of such groups, but MPs and the Government could provide more help.

The commissioner concludes that there is inconsistency of practice on the handling of complaints across and within the services. She also believes that the lack of expertise in handling complaints is a common cause of failings. Can the Minister confirm that resources will be made available to monitor the system effectively, and to identify priority areas for improvement? Will he agree to review guidance to deal with the confusion caused by the different procedures required for equality and diversity complaints, and complaints about other matters?

When complaints about bullying and harassment arise in the public domain, the response of the MOD press office is sometimes too defensive. The standard approach of affirming the policy of zero tolerance towards bullying is well meaning but sometimes empty. The implication is that the existence of the policy has eradicated the problem. It would be better if the position was restated as a tri-service commitment to work towards the elimination of bullying and harassment, while ensuring that the Service Complaints Commissioner has been notified.

The commissioner argues that a system of complaints works best if the complaint is about a matter within the scope of command of the armed services, and recommends that the service secretariats should review the handling of complaints that arise outside the scope of the chain of command. Her report concludes that the complaints system is geared to work at the top levels and not at the lowest appropriate level, and it makes specific recommendations in order to address that imbalance. Finally, Dr. Atkins finds that the complaints system is accessible in theory but beset by barriers in practice. That is also the prime concern of bereaved families and those who contact anti-bullying organisations.

The Royal British Legion has been at the forefront of the campaign to give new meaning and substance to the military covenant. I believe that an open and transparent system for investigating complaints, and for making effective redress and institutional response to identified failure, must be at the heart of the Government's support for service personnel.

This is the Service Complaints Commissioner's first report, and she is clearly describing work in progress. In that first year, Dr. Atkins was contacted by 193 people, and I have no doubt that more will come forward this year. Her conclusions and recommendations mark out a method that will establish a workable baseline from which future progress can be gauged and accurately assessed. The commissioner's proposals are carefully constructed as a coherent framework, and I urge the Government to respond to the block of recommendations as a whole.

This will not be our last debate on accountability and oversight of the armed services. Failure to address these issues will undermine the ability of Her Majesty's armed services to deliver the effective and efficient service that we need. Oversight is an aspect of good governance that we must get right. We have a responsibility to continue the debate, to learn from experience and take the process forward. I place on the record my thanks to the Service Complaints Commissioner, who has done an excellent job in the role that Parliament gave her. I am sure that we will discuss the nature of that role at greater length as she produces many more reports.

10.8 am

Mr. James Gray (North Wiltshire) (Con): I congratulate the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble). This is the second time in two days that I have followed her when speaking in this Chamber, but yesterday I named her constituency incorrectly, so I am pleased to have the chance to get it right today. She has introduced an extremely important debate and did so extremely well. I agree with much of what she had to say.

I wonder about the process by which the Service Complaints Commissioner's report was brought to the notice of Parliament. As I understand it—I am ready to be corrected—there is at present no formal way for the commissioner to report to Parliament. I wonder whether

[Mr. James Gray]

it might not be sensible for the report to be more readily available—for example, through the Vote Office, which I think was not the case this year. I obtained my copy by downloading it from the internet. In future years, it might be sensible to have in place a formal method by which the commissioner can make her report known to Parliament.

Like the hon. Lady, I congratulate the commissioner on her excellent work in an undoubtedly difficult first year. She has had to get herself and her services known around the armed services, and has no doubt had to handle some very needy and difficult cases among the 190-odd that she has heard so far. I am certain that, on occasions, servicemen and women who might be nervous of their chain of command, or who might be victims of bullying, harassment or discrimination, have no other way to raise their concerns with the authorities. It is useful to have a means by which they can.

There have been a number of cases in my constituency. In two recent ones, bullying was alleged and the individuals involved went AWOL. I am glad to say that, the families officer from the 9th Supply Regiment in Hullavington handled the situation extremely well, visited the soldiers in a secret location and reported back. That case is under investigation, but was handled extremely sensitively—as far as I am aware—by the regiment. However, at another time, it might not have been, so it would be useful to have the commissioner in the background, as a back-stop for soldiers. I therefore congratulate her on the difficult work that she has done. I am grateful that she is there.

I enter two caveats on that point. First, there is a very narrow dividing line between applying the sort of difficult, rigid discipline necessary to make armed servicemen in battle do things that you and I, Mr. Pope, would not willingly do. I suspect that most of us here have visited theatres of war. We ask these young men and women to do things that we here would not do in any circumstances. That requires an especially firm form of discipline that must be inculcated into new regimental recruits in a particular way. There is a very narrow dividing line between finding ways to inculcate such discipline and bullying and harassment, and occasionally people step over that line.

Beasting has been mentioned. Most in the armed services would acknowledge that beasting is not a very good way of instilling discipline, and I would be very surprised if it is used very widely, but a company sergeant major being rough with new recruits—not physically, but in a command sort of a way—is a traditional part of the Army way of life. It is not necessarily a bad thing in itself. Being nice to recruits will not necessarily do them any good. The importance of the commissioner's role is in judging when that dividing line has been overstepped.

Mrs. Humble: I am on the record as saying in earlier debates on this matter that the training that our armed services receive is different from that received by someone in civilian life doing a civilian job. Dr. Atkins, when she gave evidence to the Select Committee on her first report, also recognised that point, saying that there is a difference between training in the armed services and training to work in Sainsbury's. I agree with her. She also said that we need a fair complaints system, because otherwise there would just be a moaning system, and we cannot have that. If people have a complaint, it needs to be looked at.

Mr. Gray: The hon. Lady makes my point very much better than I did, and she is, of course, absolutely right.

The second caveat is this: the armed services have always had an extremely good complaints system. In my experience of the armed services—as chairman of the all-party group on the Army, a former Territorial Army soldier and an MP with quite a large number of servicemen in my constituency—by and large, the regiment, or RAF Lyneham, which is also in my constituency, go out of their way to address problems as they arise. They do not want these things to happen, and when an allegation of bullying or harassment is made, the families officer in particular goes out of their way to discover the truth. One must also bear in mind that an allegation of bullying or harassment is not necessarily the same thing as bullying or harassment. Very often, an allegation might not hold up under scrutiny. None the less, I accept the commissioner's role, which is a particularly useful one, and I can think of quite a number of constituency cases in which I was glad to have her in the background.

I had a slight difficulty, however, with one part of the hon. Lady's contribution. She suggested that the role laid down in the 2006 Act for the commissioner to scrutinise the armed services complaints procedure—that is really what it says in the Act—should be extended to a generalised investigation of the circumstances surrounding an otherwise unexplained death of an armed serviceman. Like us all, the hon. Lady is very concerned about the circumstances surrounding the very unfortunate deaths at Deepcut. That was a more or less unique set of circumstances. The original Select Committee report that led to the establishment of the commissioner was particularly concerned about Deepcut.

Leaving Deepcut to one side, however, should we accept the principle that the role of the commissioner is to investigate all armed services deaths where no other explanation is known? In a number of cases, that might be sensible—when a person dies from beasting, in the example that the hon. Lady gave, or when there is an unexplained death in barracks. Such cases might well be worthy of further investigation by the commissioner if there is suspicion of improper behaviour by the armed services, but I believe—I am ready to be corrected—that by far the largest number of armed services deaths are caused by road traffic accidents. In such cases I presume that the commissioner would have no role—unless the equipment or vehicle was defective, I suppose.

That argument could be developed further. I mentioned earlier the tragic deaths of 10 servicemen in a Hercules XV179 in Baghdad in 2004 or 2005. A High Court case is pending. The families are suing the Ministry of Defence, because it did not fit foam suppressant in the wing tank of the Hercules aircraft. That is a matter for the High Court, and we cannot discuss it here. The coroner reviewed the case very carefully and came out heavily against the MOD. However, the notion that the commissioner might act on behalf of those families would seem to cut across the High Court, which is considering the matter, and the coroner, who produced an extremely critical report and said that the MOD was

badly at fault. There was a similar case involving a Nimrod. For a third authority—a lady with no particular back-up or support—to throw her twopence worth into such an extremely complicated and difficult inquiry would be plain wrong.

Establishing an independent ombudsman to do precisely what the coroner ought to be doing, merely because the hon. Lady has a number of complaints about the way in which the coronial system works, would seem to be a diversion of effort. The Coroners and Justice Bill is being considered in the other place, where I hope the point about barristers at inquests will be taken into account. There is something to be said for that. Surely, however, if there is something wrong with the way in which families are handled in the coronial system—I made this point during Second Reading and the Committee stage of the Bill—that is an argument for improving the coronial system. The notion of introducing a third organisation—the commissioner—to make up for perceived deficiencies in the coronial system or regimental chain of command seems administratively complicated.

Lembit Öpik: The hon. Gentleman apparently fails to understand that the coroner is not a detective. The coroner establishes the cause of death, but that does not mean that the coroner's report can identify why that cause of death occurred. Does he not understand that those of us who believe that young recruits were murdered at Deepcut Army barracks do not expect the coroner to be able to prove that point? That was explained by Nicholas Blake QC, when he called for either the full disclosure of the Devon and Cornwall police report into the Surrey police handling of those death, or a full independent public inquiry. Does the hon. Gentleman disagree with Nicholas Blake?

Mr. Gray: I have difficulty with the hon. Gentleman's intervention on two fronts. First, he is quite wrong: the coroner's job is indeed to establish the cause of death. That is precisely what the coroner is required to do under law. However, let us imagine that he is not doing his job. The hon. Gentleman seems to suggest that the complaints commissioner should become what he describes as a "detective", but the 2006 Act did not establish the complaints commissioner as a detective to look into the facts. The hon. Gentleman does not like not only what the coroner did, but what the police did—he says that they had looked into the matter and also got it wrong. He seems to be proposing that the Service Complaints Commissioner should say, "You, Mr. Coroner, are no good. I did not like your conclusion. You, the police service, are no good either. I now set myself up as a new kind of detective. I will look into the complex series of reasons behind the deaths, and I want my voice to be heard above both of yours." *[Interruption.]* The hon. Gentleman waves his hands in the air in a charming way as only he does, but I said a moment ago that we should put Deepcut to one side. We are not discussing Deepcut, but whether or not the commissioner can do a useful job today in investigating complaints by servicemen who are alive. By talking about whether or not the commissioner should be an alternative coroner, we have diverted the debate away from its extremely important subject.

Mrs. Humble: Will the hon. Gentleman give way?

Mr. Gray: If the hon. Lady will forgive me, I will finish my point first. We are a bit short on time.

In the report, which I have read only lightly, the commissioner does not ask for the ability to set herself up as an alternative coroner. Her job, and the job clearly laid down in the 2006 Act, is to scrutinise the way in which the complaints system within the armed services is working. In other words, if the complaints system is not working well, it is her job to scrutinise that. If we, in this debate or in other discussions, were led to a sort of generalised belief that somehow neither the coronial system nor the chain of command system were working and that we had to set up an alternative to both, we would be doing the complaints commission system itself a disservice.

Mrs. Humble: The hon. Gentleman misinterprets what I said. I thought that I had clarified my point in answer to his hon. Friend the Member for Westbury (Dr. Murrison). I am not asking for the commissioner to be a separate investigating body. I am pointing out deficiencies in the existing system, some of which are being addressed through the Coroners and Justice Bill. Questions relating to boards of inquiry and their link to the coroners' system have not been properly addressed. The Government have already said that the complaints commissioner should be notified of a death; I am simply asking that she be kept informed of the progress of the investigation of that death. Surely the hon. Gentleman agrees with me that if a pattern is emerging across a series of deaths of which the commissioner and the armed forces should be aware, she should report on that. Not all road traffic accidents are the same: some might have a cause of which she and the Army should be aware and on which they should act.

Mr. Gray: I have obviously touched a raw nerve. I was not answering the hon. Lady's intervention, but that of the hon. Member for Pembroke—

Lembit Öpik: For Montgomeryshire.

Mr. Gray: I knew it was a place in Wales. The hon. Lady is absolutely right that we are not asking here for extra powers for the commissioner. Plainly, we are not. We are not seeking to find some way to investigate deaths. The commissioner's main job must be to investigate the complaints of living servicemen—that is plainly laid out in the 2006 Act—about harassment, discrimination and bullying. That is the problem we face. We need to know whether or not there is an endemic problem of that sort in the armed services today.

In that context, I congratulate the hon. Lady on calling this important debate. I congratulate and thank the commissioner for her outstanding work in her first year of operation. I enjoin the Government to encourage her in what she is doing and to find a way to allow her to report directly to Parliament—perhaps through MOD Ministers or something of the sort—in future years, and not to be tempted by calls for the widening of her powers.

Mr. Greg Pope (in the Chair): Before I call the hon. Member for Montgomeryshire (Lembit Öpik), may I remind hon. Members that it is customary for us to begin the winding-up speeches at half-past 10?

10.24 am

Lembit Öpik (Montgomeryshire) (LD): I accept and acknowledge your guidance, Mr. Pope.

I am standing here because, for about seven years, I have been trying to clarify why Cheryl James, the daughter of my constituents Des and Doreen James, died at Deepcut barracks. I am left in little doubt that she was murdered and that there has been a systemic cover-up of her murder and probably the murder of three other recruits at that Army camp.

My frustration with the situation arises from the fact that, at every turn, it seems that the Army and, to an extent, the police have been quite happy to conspire to cover up the circumstances of those deaths. My direct response to the hon. Member for North Wiltshire (Mr. Gray) is that no coroner would be able to get to the heart of the matter as an independent and effective Service Complaints Commissioner could. He fails to understand that a coroner is not able to exercise the authority to establish whether systemic bullying, or nefarious practices that lead directly to the death of recruits, are going on at an Army barracks. The coroner is simply required to establish the cause of death, and not why the victim suffered those causes. It is for that reason that we need to examine the reach of the powers of the Service Complaints Commissioner, as the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) has said.

I am astounded that, after all these years, we still have not got full disclosure of the facts pertaining to the Deepcut deaths. The only reason that we have made any progress at all is that we have persisted in trying to expose the murders. I remember the day I was attempting to force the Government to respond to an urgent question regarding the deaths at Deepcut when, lo and behold, the MOD Minister, the right hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram), decided to make a statement to launch the Nicholas Blake inquiry. Naively I thought that the inquiry would be objective and would lead to progress, but, sadly, it seems to have been as big a sham as the rest of the process. That is why it is necessary that we look closely at the powers of the Service Complaints Commissioner and decide whether those powers are sufficient to get to the heart of cases such as those at Deepcut. In my last exchange with the Minister, he brushed me off by saying that it was not necessary or appropriate for him to respond in detail to the question that I asked on the Floor of the House. He implied that I was a conspiracy theorist. Well, I am a conspiracy theorist because I believe that there has been a conspiracy to cover up four deaths at Deepcut Army barracks. *[Interruption.]*

The Minister for the Armed Forces is clearly entertained by this, but I can tell him that the parents are not. Des James is one of the most reasonable and circumspect individuals whom I have had the honour to represent. I am sorry to tell the Minister that Des James has no faith in the state's ability to investigate itself when individuals are murdered within state structures. Mr. James recently saw a play at the Tricycle theatre that covered those very points. When the Minister's predecessor was invited to attend the play, he sent a message to Des James that said:

"I have no wish to see the play because I believe it will not be balanced and will reflect an all too painful analysis."

In another e-mail, he said that he believed the play would be

"strong on polemic and weak on objective analysis."

Mr. Bob Ainsworth: I did not say that.

Lembit Öpik: I can show the Minister the text that was sent to Des James. Is that the sympathy that we can expect from the Government? How on earth is there any consistency between the alleged empathy with the plight of parents who have lost their offspring within the military system that the Minister expresses and comments such as those are sent directly to one of the parents of a deceased child?

I have two specific requests to make. Will the Minister tell me whether he is certain that the four who died at Deepcut Army barracks were not murdered? Will he tell us on the record that they were not murdered? Secondly, why on earth is it that, so much time after the Nicholas Blake inquiry, we still have not had an independent public inquiry into those deaths? The Minister will recall that Nicholas Blake said that if the Devon and Cornwall police report into Surrey police's handling of the deaths at Deepcut Army barracks was not made public, we should have a full, independent public inquiry. That is on the record, but the report has not been published, nor have we had the inquiry. When will the Minister ensure that one or other of those takes place?

I have tried time and again to use the Freedom of Information Act 2000 to have the Devon and Cornwall police report released, but it has not been released. It is in the public interest to get to the heart of why the four recruits died at Deepcut. Unless the Minister is willing to make progress today, the matter will go to the courts. That will lead to yet another embarrassing series of revelations, when the Government and the Minister could simply put right something that has been very wrong for 14 years.

10.30 am

Nick Harvey (North Devon) (LD): I congratulate the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) on the way in which she introduced the debate. As she said, this is the first occasion on which we have such a report to debate and the first opportunity to make a judgment on how the new system is performing. She tangled with some difficult and emotive issues in an even-handed and level-headed way and I agreed with a number of the points that she made.

The new commissioner has made herself available to Members of the House and everybody else with whom she interacts. She has been very open and I commend her on it. I met her to discuss her work and it is clear that she is setting about her role within the terms laid down by Parliament with determination. She has a clear vision of where she is going. I am impressed by her general approach and encouraged by some of the things that she told me. She said that in some instances, initially, she found some resistance to her involvement in inquiries, and some scepticism and suspicion of her role. However, she said that even in the short time in which she has been in post, there has been a thawing of some of the hostility towards her and a willingness on the part of the armed forces to interact with her, which is welcome.

None the less, at this stage, she is only beginning to scratch the surface of the problems, based on the surveys to which the hon. Member for Blackpool, North and Fleetwood referred when she introduced the debate. The experience, impressions and belief of armed service personnel is that the problem is more widespread than the scale of the cases with which the commissioner is dealing would imply. I am not suggesting that all cases ought to end up with the commissioner; it is hoped that the chain of command will be capable of dealing with the lion's share. However, I believe that there is a bigger problem than she has yet begun to tangle with. It is her first year of operation. The 193 cases that she has considered do not constitute a large number, but I expect that when we debate such things in future, the number will have increased.

For the first time probably, the debate gives us the opportunity to consider whether we believe that the system that has been created has given adequate power and independence to the commissioner. My party colleagues and I wanted the commissioner to have a stronger role and preferred the proposal for an ombudsman, which the Defence Committee and others suggested. Nothing so far has given me occasion to change my view that we need an official with greater powers than we have given to the commissioner. I noted with interest some of the proposals that the hon. Member for Blackpool, North and Fleetwood made, particularly her suggestion that the role should be vaguely analogous to that of Her Majesty's chief inspector of prisons and that there should be a role for lay visitors. Both proposals are interesting. We must give it time, but I believe that we have not given adequate powers to the commissioner.

The hon. Member for North Wiltshire (Mr. Gray) made an excellent speech in the defence procurement debate on Monday afternoon and I found myself heckling him, in a sympathetic fashion, from a sedentary position. I am rather less in agreement with what he said in this debate. He started off by correctly reminding us that young personnel new to the armed services must learn to accept military discipline. They are going to be put into theatres of war, where complete military discipline is essential to their survival and the successful prosecution of their objectives. It would therefore be no great kindness to young recruits to treat them with kid gloves or to avoid the need for them to accept those harsh realities from the outset. However, precisely because it is their duty to obey the chain of command virtually unquestioningly, it is all the more important that there is a separate, independent avenue to go down if they have a genuine grievance that they do not feel able to raise with the chain of command.

I fundamentally disagree with some of the points that the hon. Gentleman made. In particular, I do not agree that allowing a commissioner to have a power of investigation—at the moment, all she can do is monitor the investigations that the armed forces carry out—would somehow cut across what other people do. The role of the police is to examine whether the law has been broken and whether there has been any criminality. That is all—their role does not go beyond that. The coroner's role is to establish the cause of death. Coroners have slightly more latitude than the police to go beyond that. They often look at some of the background, and they may make recommendations, as the hon. Member for Blackpool, North and Fleetwood said, based on what comes to their attention in the course of their inquiries. However, even the coroner's role is limited. Many aggrieved service personnel and their families want more investigation into the nooks and crannies, beyond that which the police or the coroner have a duty to undertake.

I disagree with the hon. Member for North Wiltshire that court action would cut across any investigatory powers given to the commissioner. I would compare the situation with what happens when there is a death or maiming in a hospital. In that case, the police are called in to investigate potential criminality and the coroner looks at the cause of death, but an aggrieved patient or their family might wish to take the matter either to court or to the health service ombudsman. Many ombudsmen exercise their powers only as long as court proceedings are not taking place, but it is perfectly common for them to go over the same ground that the police or a coroner might go over to learn more and to determine whether there has been any systematic failure, as the hon. Member for Blackpool, North and Fleetwood said. I am not persuaded that we will not need to come back in future and extend further powers to the commissioner to create something more akin to an ombudsman.

We ask an awful lot of our armed services personnel. The bullying and harassment about which we have heard a lot this morning are undoubtedly unacceptable. I am quite convinced that there are the beginnings of a shift in culture, but there is further to go. Nevertheless, armed forces personnel may wish to raise matters other than bullying and harassment. They might want to raise the inadequacy of their kit, for example, on which one coroner has commented. I should have thought it preferable for people to make complaints before the event rather than looking at things in retrospect.

The hon. Member for North Wiltshire said that many people die in road traffic accidents. Some years ago, a constituent of mine was maimed by a collision with a vehicle while on physical training. To this day, he blames the Army for what happened, but he has never had the opportunity to have his case looked at. That was a question not of faulty equipment, but of faulty procedure. There is a lot more to come. The commissioner's reports in future years will give us further opportunity to judge whether we have given the office adequate powers. I am not convinced that we have done so and I believe that we will have to return to the matter in future to extend the commissioner's role or something akin to it.

10.39 am

Dr. Andrew Murrison (Westbury) (Con): May I start by declaring my interests in the Register? I congratulate the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) on securing this debate and on the excellent way in which she presented it. The debate has been excellent, but slightly odd in that the meat of the Service Complaints Commissioner's first report has been set to one side as we have debated wider issues relating to Deepcut. However, Deepcut is important, as it underpins the creation of the post.

It seems to me that the investigation of Deepcut is not the function of the Service Complaints Commissioner as the post is constituted. However, the prevention of a future Deepcut most certainly is. I welcome the creation

[Dr. Andrew Murrison]

of the post, as it will give a level of transparency to our armed forces and assist in changing some unhelpful elements of the culture. Somebody mentioned beasting earlier. I have not been beasted in my service career, but I was training to be a diver in Portsmouth at the time—many here will remember it—when an Army soldier died while being beasted on the mud at Portsmouth. Around that time, we started to wonder whether some aspects of the training of young people in our armed forces were appropriate.

Since that time, I have been concerned about how professionally those people are managed. Professionalism comes in many guises. It involves the way in which we conduct ourselves on operations, of course, but it also involves things such as how people are trained and how they are looked after and stewarded during the training period. There is no question in my mind but that beasting, although it was certainly part of the service culture at the time, was not what might be called professional, if for no other reason than that it causes mortality and morbidity from time to time. That is in nobody's interests, let alone those of the organisation concerned. Such things need to be addressed, and I believe that the Service Complaints Commissioner might be part of a preventive strategy to ensure that they are less likely to happen.

Several hon. Members referred to the Service Complaints Commissioner as independent. We must accept that hers is a sort of independence—a semi-detached oversight—as she reports to Ministers and her budget comes from the Ministry of Defence, so we need to be slightly careful about the status that we accord to that office. It is important that we have such people to examine organisations that could be called total or closed, or that have the attributes of such organisations. The armed forces certainly have those attributes, as a number of hon. Members have mentioned.

According to the hon. Member for North Devon (Nick Harvey), the Service Complaints Commissioner had some concerns about how she was initially received. I must say that it does not come across that way in her report, although I can understand why an organisation such as the armed forces might resist somebody like Dr. Atkins: an inquisitorial new appointment meant to shine light on darkness. However, the more thoughtful elements of the chain of command will probably welcome the Service Complaints Commissioner. That is certainly what I am hearing from those to whom I talk in the armed forces.

The Service Complaints Commissioner makes suggestions about how her role might be expanded, but they are pretty subtle. Although the hon. Member for Blackpool, North and Fleetwood eloquently described how the role might be developed over the years, that does not really come across in Dr. Atkins's first report. We will have to see how it evolves as the years go by, but it would be premature at this stage—she has been doing the job for little more than 12 months—to suggest that it should be radically overhauled. That would be a little unfair. At this stage, the balance that has been struck is about right. I would like to see how the office copes during the next few years and its subsequent reports. We will have to keep it under review, of course—we keep everything under review in this place, do we not?—but it seems to be a pretty good starter for 10. I look forward to the commissioner's contribution as the months and years roll by.

Having been ever so nice, I think that it would be wrong of me not to raise one or two slight concerns. The report talks throughout of accountability. The Service Complaints Commissioner says that she accounts publicly to Ministers and Parliament; she says it on page 82 and again on page 15, and it is a thread throughout the whole publication. We could debate how she might be held to account, but it is important that we use language judiciously. I am not aware of any meaningful accounting to Parliament. We are indebted to the hon. Member for Blackpool, North and Fleetwood for securing this debate; otherwise, we would not have had a formal opportunity to discuss the report at all. Some might think that I am being a bit pedantic in making the distinction, but it is important that we consider it.

The commissioner found that knowledge of her role was poor. She is being a little harsh on herself. In the evidence that she gives in the annexe, which touches on the most recent service continuous attitude survey, we find that knowledge of how to complain overall is pretty poor within the armed forces. It is not specifically about her role; it is simply that people do not know where to go. Still, a key index for the current year is that she will improve recognition of her office, and I look forward to seeing her achieve that target and reading her report on it in a year's time.

The commissioner mentions timeliness in the investigation of complaints, which is important. On a grander scale, we can consider the delayed inquiry into Iraq as evidence why we should conduct any inquiry or investigation in a timely fashion. As the months and years go by, unfortunately, memories fade and evidence is destroyed. I endorse wholeheartedly and with great feeling her concerns about the lack of timeliness in the investigation of some complaints within the armed forces.

Dr. Atkins points out that the complaints should be sorted out at as low a level as possible. It is a pity that she has had to say that, as it is just good management practice to ensure that complaints, concerns and worries are sorted out quickly and at as low a level as possible. I would have thought that that was axiomatic. I hope that the armed forces will consider how current procedures lead to the escalation and formalisation of complaints, which is off-putting to many people, particularly those of relatively junior ranks.

To be rather prosaic in the context of many of the remarks made today, the financial position is given briefly in annexe 4. It appears to be fairly summary. It would be nice, for future years, to have an account of superannuation, for example, in the breakdown of costs. We must be accountable for all money these days—at least, the Minister must—and it seems odd that things such as salaries should be cited but superannuation should not. Maybe we need to give that a bit of thought.

In conclusion, I think that the commissioner will be of particular use to families. I know from my experience that they often find it extremely difficult to approach the chain of command and the usual channels. They feel that such an approach might have an adverse impact on their careers, and there are significant grounds for supposing so. I hope that Dr. Atkins will be able to provide an alternative conduit for many of those concerns

and that, as a result, the satisfaction of service families—on whom we rely as well as servicemen themselves—will be enhanced and improved. Service families constitute one area where this particular officer will have a particular part to play.

10.50 am

The Minister for the Armed Forces (Mr. Bob Ainsworth): I congratulate my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) on securing this debate. I am grateful for her long-standing interest and engagement in this issue. She has put a lot of effort into these matters over a long period. I am grateful for the many contributions that have been made to this interesting debate. I will respond to as many of the points as I can in the time that I have.

The operational effectiveness of the armed forces depends on mutual trust and respect. It is crucial that our people have confidence in the system that investigates their complaints. That must be prompt and fair, while complementing the command structure that is fundamental to carrying out successful military operations. The Service Complaints Commissioner, Dr. Susan Atkins, provides valuable independent oversight of our system. She is a key component of that system.

The Ministry of Defence and the services are wholly committed to the welfare of our people. We welcome the commissioner's first annual report on the fairness, effectiveness and efficiency of the complaints system. It commends the three services on their commitment to tackling all forms of unacceptable behaviour and on ensuring that servicemen and women are treated well. Dr. Atkins has reported that the complaints system is well designed and is working, but there is scope for improvement. I acknowledge and accept that. It is her job to help us to improve the system, but not her job alone. It must be taken seriously by all three services and by the MOD, which is considering the commissioner's report in detail. We expect to provide a formal response in the summer.

We are building a good working relationship with the commissioner. The MOD and the services are committed to raising awareness of Dr. Atkins' role among all servicemen and women. The commissioner will issue 40,000 leaflets to armed forces personnel all over the world with the full support of the chain of command. Furthermore, the commissioner continues to visit our people regularly and has the opportunity freely to talk to all ranks.

Widening the commissioner's power has been advocated today. The Government committed themselves to the establishment of a Service Complaints Commissioner in their response to the Deepcut review published in June 2006. Provisions had already been proposed in the Armed Forces Bill for an independent external reviewer who would examine the fairness, effectiveness and efficiency of the service complaints system and report to Ministers annually.

A big difference between those who advocate an ombudsman and those of us who support the current role is that we do not want the chain of command to be circumvented. We are committed to the chain of command doing the job that we require it to do. Rather than circumvent that, which a different system of complaints such as an ombudsman might do, we want the Service Complaints Commissioner to work with the chain of command and to help it to improve the system and to change the culture that has existed in the armed forces.

My hon. Friend the Member for Blackpool, North and Fleetwood asked about the culture, but acknowledged that she was complaining about the culture that existed in Deepcut 10 years ago. It has been acknowledged that that culture was unacceptable and a lot has been done to try to change it over the years. We have set up the complaints commissioner and taken attitude surveys which show that people are still reluctant to complain to try to change the culture and force those issues out so that we can amend a system that has been unsatisfactory in the past.

Mrs. Humble: I acknowledge that a lot has changed since the Deepcut inquiry. However, the Service Complaints Commissioner's report highlights huge differences between different commanding officers and senior officers. She points to poor and good examples. Surely when the armed services look at the report they should ensure that all commanding officers behave according to the good practice that she has highlighted and that poor practice is done away with.

Mr. Ainsworth: Precisely. That is why the commissioner said what she said in her first report. We will respond to that and hon. Members will see how that goes. That is the point that the commissioner was making. My hon. Friend the Member for North-West Leicestershire (David Taylor), who is no longer in the Chamber, said that the commissioner should be given the opportunity to raise wider issues, not just individual cases. She has done so: some wider issues are contained in her first report. As she gets more experience of the system and receives more feedback on it, more detailed issues will come out in subsequent reports, which we will have to respond to. I do not disagree with my hon. Friend at all.

The hon. Member for North Wiltshire (Mr. Gray) complained that he could not get a copy of the report. I do not know why. There was a written ministerial statement on 4 March and copies were made available in the Vote Office in the normal way. We also made it available on the internet, which is how he obtained it. I do not recognise the problem that he raises.

The hon. Member for Montgomeryshire (Lembit Öpik) has made very serious allegations without providing a shred of evidence to support them. He is basically saying that two police forces and the MOD all conspired to cover up these murders and that Sir Nicholas Blake conducted a sham inquiry. The only thing, it seems, that gets to the bottom of these issues is a play. Perhaps the next time we have an inquiry into very serious matters such as the deaths of young Army trainees, we ought to invite a playwright to conduct it. That seems to be the thrust of what the hon. Gentleman proposes. He has made allegations about things that I am supposed to have said. I will check up on that. If I am wrong I will apologise to him, but if he is wrong he will apologise to me.

Lembit Öpik *rose—*

Mr. Ainsworth: I will not give way to the hon. Gentleman. If he is wrong, he will apologise to me—let me make that point to him.

Lembit Öpik *rose—*

Mr. Ainsworth: No, I will not give way to the hon. Gentleman. He made an allegation. I will check the record and come back to him. If he is wrong, he will withdraw the allegation.

Lembit Öpik: On a point of order, Mr. Pope. I am not blaming the current Minister. I want to make it absolutely clear—I was referring to one of his predecessors. I will speak to the Minister after the debate to clarify exactly who I meant.

Mr. Greg Pope (in the Chair): That is not a matter for their Chair, but it is on the record.

Mr. Ainsworth: I am not sure that that is what the record will show when we go into it.

The hon. Member for Westbury (Dr. Murrison) suggested that the Service Complaints Commissioner should be able to provide a conduit for complaints from families. She can do that, and has already done so. It is an important part of her role that she provides an alternative conduit for people to raise complaints, whether they are members of the services or their families. If people do not wish to go through the chain of command, they have another way to feed their complaints in.

The hon. Gentleman said that he was not concerned about the number of complaints because in any organisation they should be dealt with quickly and promptly at a low level. I absolutely agree with him that that is the ideal. However, there is no evidence that that is being done effectively in every part of the armed forces. The Service Complaints Commissioner said that she wants that to happen systematically across the board, but that it is not yet happening. I think that she is probably right. There is a major problem with complaints not being dealt with quickly at a low level that we need to put right. In the time available to me, I have been unable to respond to many issues that have been raised. I will write to hon. Members to try to fill in the gaps on the more substantial points, which are perfectly worthy and deserve a response.

Extended School Programme

11 am

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I am very grateful for this opportunity to discuss extended schools and related issues again. In the past couple of years, the Minister has been more than generous with her time, as I have debated extended schools and have corresponded and discussed with her the delivery of that incredibly important programme. She has sometimes expressed concerns about my approach, so, for the avoidance of doubt, I want to put on record yet again that I come at the subject from the perspective of someone who believes that, along with the Sure Start and children's centre programmes for the under-fives, the extended school approach is one of the most important things that we can do for our children. However, I remain concerned that aspects of delivery, including reliance on co-funding from sources outside her Department, upon which her programme depends, still need further work.

I am aware that extended schools and the whole early years programmes have their detractors—the usual sources, who will use any stick that they can to beat the Government, particularly on the grounds that the measures we are putting in place for children and young people are being taken primarily, sometimes even exclusively, to drive parents into the workplace. Not only do I think that there is nothing wrong with having an early years programme and an extended schools programme that allow parents who choose to work to do so, safe in the knowledge that their children will be looked after, but I have always been convinced that the Government's approach to those agendas is founded in something bigger and even more important than that perfectly worthy objective. We have to enrich the lives of our children, particularly those whose opportunities are narrowest.

As someone who represents an inner-city constituency that includes not only some of the wealthiest parts of the country, but many areas that are amongst the poorest, I am reminded daily of the challenge that we face with our young people, who are, overwhelmingly, growing up in flats. The great majority of young people are growing up without access to their own garden space and in families who are poor, workless, or in work but in poverty—as we all know, half of all families in poverty are also in employment. Young people are growing up on the edges of central London with incredibly rich and diverse cultural opportunities nearby, but they simply never access them. Among my son's classmates are children who have never been to the theatre, never been to the country and never had any opportunities to access what those of us with even relatively modest incomes can take for granted. Their lives are blighted as a consequence. The alienation of young people, which sometimes leaves them in the group that we call NEETs—those not in education, employment or training—or caught up in crime and antisocial behaviour, is underpinned by an inability to move in the adult world of interaction that is taken for granted by those of us who have had those opportunities, and by a lack of confidence that is brought about by that inability. They are surrounded by the riches of one of the greatest cities in the world, but they do not access those riches.

The underlying philosophy of extended schools includes not just homework clubs, catch-up clubs and extra educational opportunities, but, as the Government's

own document spells out, music, drama, arts, sport, trips and cultural visits. One of the most important things that we can do for our young people is extend the curriculum and bring it to life by giving the opportunities that make it concrete and broaden the educational experience by making it more practical. That will give people the confidence they need to be able to move in the sophisticated world that some of them have been denied—in many cases, because their parents are not able to do so, perhaps because they have massive barriers of their own such as being drug and alcohol users. Some have been in prison, have mental health problems or are new to this country and do not speak the language. Some, tragically, are simply indifferent and do not provide their children with those experiences even though they could. For such children, it is absolutely marvellous that we have the extended school programme.

I know that the Minister will say that the investment in extended schools is significant and increasing. I acknowledge and welcome that. I am also particularly pleased with the extended schools disadvantage subsidy, which goes some way towards meeting my concerns, because it will direct additional resources into the neighbourhoods, schools and populations that need it most. Perhaps the Minister will say more about that in her reply.

We now know the extent to which the number of schools offering the full core offer is increasing—we have the figures. The Minister is well aware of my concern that my borough, Westminster, has been trailing badly in delivering the offer. A few months ago, when I was doing some work that resulted in an excellent article in *The Guardian* on the subject, only half of all schools were offering the full core offer. Given how much we need, that causes me real heartache. There has been significant improvement in my borough recently as well, and I put that down to a dynamic new appointment. I put on record my admiration for Peter Turner, who has taken the programme by the scruff of the neck. Previously, we lacked that sort of senior management buy-in and the ability to deliver the programme, but there have been real improvements in delivering the service in my area.

That is the good news, and there is plenty of it, but I asked for this opportunity to discuss the programme again because I am still very anxious about a few aspects. First and foremost, although it is early days and the disadvantaged children's subsidy is yet to kick in—it was piloted last year and there will be an extended pilot this year—the Government's own research confirms that children from more deprived backgrounds are less likely than the average to use the activities and child care services available in the extended schools programme. It worrying that a programme that was designed explicitly to reach out to and lift children with the narrowest opportunities is not delivering as well to them as to the average. That is not, as slick headlines would have it, a damning indictment of the whole programme, but it gives us cause to ask what is not being done that needs to be done.

Last year's child care and early years survey, conducted by the National Centre for Social Research, found that fewer than one in five older children were using out-of-school services at all. That figure was unchanged since 2004. I am sure that there will have been some improvement since then, but that is a cause of concern. In the extended schools survey that was conducted for the Department for MORI, published in January, only 6 per cent. of the parents surveyed said that their children had attended an activity during the school holidays, whereas the demand for holiday schemes expressed in that survey was 60 per cent. There are therefore two problems: the relatively low and stable participation in the whole out-of-school programme for older children in particular, and the gap in holiday play schemes. Given that the Daycare Trust's research, which it produces every summer, on the cost of holiday schemes found that last year alone the cost of holiday programmes jumped by 10 per cent., MORI's finding of a relatively low level of participation is worrying.

Mr. Andrew Smith (Oxford, East) (Lab): As an enthusiastic advocate for the programme, I agree with everything that my hon. Friend says about its advantages and the importance of ensuring that it reaches the most disadvantaged. Incidentally, I commend the excellent work being done in Oxfordshire. Does she agree that one of the problems is that too many parents themselves feel alienated from an educational environment, partly because of their own experience? One way of tackling that is to have more intensive outreach work in the community, such as home visiting. We should also build on the excellent multi-agency work being done to ensure that people have every opportunity to take advantage of the facilities available.

Ms Buck: I totally agree; my right hon. Friend is spot on. His comments chime with my next point, which is that the MORI research also found that the people most likely to participate in the programmes were those in two-parent families and those with younger children. That is very welcome. The people less likely to participate were the parents of children in special schools—that is a great worry—and those with secondary-age children, especially parents of children in years 7, 8 and 9. Those are the years in which children make the transfer from primary to secondary education, and it is when they most need that level of intensive support.

Secondary school transfer is already a real cause of concern. The alienation to which my right hon. Friend refers is, in most cases, inadvertently compounded by secondary school transfer. The relationship between parents and schools and between children and schools is worse in secondary schools than in primary schools. That is often connected with secondary transfer. It is worrying that fewer services are available to those groups and participation is lower. It shows that there is a demand for exactly the work he describes. Intensive outreach to parents is, in a sense, parallel with the work of children centres and Sure Start. We know well that some schools are involved with that work, but not all are.

Worryingly, the MORI findings also show—it is not picked out in the executive summary—that the group that found it most difficult to fund out-of-school activities were families with no parents in work. That brings me to the heart of the dilemma: the question of co-payment and sustainability, of which my right hon. Friend the Minister is well aware. From the research, we know that one of the reasons participation is not as great as it should be is that, according to the children and parents surveyed, the activities on offer are not always what

[Ms Buck]

children want. That brings us back to the menu. What is the menu of activities that can engage children, especially those who need it most? We need to give them not just catch-up classes, but enjoyable activities. Those activities should deal with the problem of alienation mentioned by my right hon. Friend the Member for Oxford, East.

The other issue is, of course, payment. Lone parents, parents of children in special education and parents who are not in employment find it most difficult to deal with the payments. Obviously, some schools—the disadvantage subsidy will help with this—provide cross-subsidies. The dilemma is that the schools with the smallest proportion of parents able to pay the charges are the schools that need the service most but are least able to draw upon co-payment. There are schools in my constituency that have large numbers of children on free school dinner entitlements and parents in low-paid work. The argument is that such schools would benefit the most from that rich menu of activities, but unfortunately they are less likely to be able to generate an income that makes such services sustainable.

My right hon. Friend the Minister is aware that I am concerned about the replies I get from her Department that say, "Well, this is, of course, what the child care element of the working tax credit should do." However, hardly anybody gets the child care element of the working tax credit. There is no evidence—if she can point me to the evidence, I will apologise and back off from this line of argument—that parents of older, school-aged children are claiming the child care element of the working tax credit to pay for out-of-school activities and holiday schemes. It is precisely because they do not do so that we have this dilemma.

Although 80 per cent. of schools are ticking the box to say that they provide the full core offer—next year, the Government intend to have all schools ticking the box that says that they do so—if we look at the Department's guidance for schools, it states in the small print that if a school has decided that there is neither the need nor the demand for the services, it can still tick the box to say that it is providing the full core offer. Slightly weirdly, therefore, it is entirely possible for a school to say that it is providing a full core offer when it is actually not providing a single service. That problem might well come back to bite the Government and it is something about which we need to be concerned. I do not think that many schools will play that game, but it is a concern because what we understand by the full core offer is a school that is providing a full menu of the four categories of activity set out in the guidance.

As I have said, further attention needs to be paid to those on low incomes, those with free school dinner entitlements and those who are out of work. Of course, we also need to recession-proof the measures to help all those who are in low-paid work, many of whom do not receive the child care element of the tax credit. How will we ensure that the full delivery that we are promising is there on the ground? How will we ensure that we are delivering sustainable and affordable services, particularly for the children who need them most?

As I have said, I am aware that the disadvantage subsidy will be a real help in that sense, but I am not convinced that the deep pockets of disadvantage, particularly in our expensive inner cities, will benefit from a Government approach that delivers the support that is needed—that reaches out and genuinely offers a programme of activities that will enrich and improve the lives of our young people.

11.17 am

The Minister for Children, Young People and Families (Beverley Hughes): I welcome the fact that my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) has secured another debate on this subject. I have no problem with the number of times that she raises the issue because she and my right hon. Friend the Member for Oxford, East (Mr. Smith) have demonstrated today that they are fully supportive of what the Government are trying to do in this regard. She has also shown that she understands completely why it is important to have extended services that are part of a range of changes in what is available for children and families in communities.

My hon. Friend the Member for Regent's Park and Kensington, North is right to say that it is not just, or even primarily, about enabling parents to work—although that is an important opportunity that we need to provide for parents of children in poverty. The matter is much more fundamental that that; it is about enabling children to have experiences that are not just nice, but essential for their development if they are to reach their potential. That is why the best public schools build in a vast array of enriching activities and opportunities for children to challenge themselves. If that is good enough for the best schools in the country, it is good enough for all our children. That is precisely what the Government are trying to do and why we have made an historic investment in supporting children from the nursery all the way through school.

We have tried to transform the landscape of family support over the past 10 years, so that parents no longer have to go it alone. More fundamentally—this is the core of the argument made by my hon. Friend the Member for Regent's Park and Kensington, North—the circumstances into which a child is born should not dictate where they end up in life. It is the role of important public services to help children who are born with a less favourable start to make up the difference during their early years, at school and beyond, so that they have the same opportunities to be as fulfilled as any other child.

My hon. Friend is right to say that extended services in schools are a key part of the panoply of change that we are trying to achieve, and that is why, as she recognises, we are backing the ambition with about £1 billion in investment in extended services in 2008-10. That includes extra support in the form of a subsidy for payment for the most disadvantaged children, which I shall come to in a minute.

My hon. Friend mentioned early in her contribution the pace of delivery in her own area. She commends the new director, who I am sure has played a part, but she herself, as a forensic scrutineer of what is happening in her area, has also played a significant part in the considerable improvement that we have seen in the Westminster and the Kensington and Chelsea local authorities. It was partly due to her pointing out the slow pace of delivery that the Training and Development Agency for Schools, which is our delivery partner, was able to get to grips with the problem.

The latest figures show that 86 per cent. of schools in Kensington and Chelsea and 77 per cent. of schools in Westminster now have the full core offer. There are some innovative programmes; for example, my hon. Friend may be familiar with the arts extend programme at six schools in Westminster, which has been a particular success. We want to see more of that. The programme is still in the process of delivery, and even when we reach a position in which all schools provide the full core offer, the job will not be done. There are issues about quality and access, beyond a school simply saying that it is delivering the full core offer. My hon. Friend rightly raises what I accept completely are two key challenges for us to continue to work on.

The first challenge—this is a vital part of our thinking—is to ensure that children from the most disadvantaged backgrounds in particular get some of the advantages of being in a school in which curriculum activities are enriched by a range of opportunities. In developing the sustainability of extended services, it is important that schools and parents are helped to bring in an appropriate charging regime for appropriate activities, but it is also important that that regime should not disadvantage the children who need the activities the most.

That is why we introduced the subsidy. As my hon. Friend said, it is being piloted in 18 authorities, including two in London—but not Westminster, although it will get some of that resource in the coming financial year. In preparation for this debate, I gathered some information from the pilots, which only started in September 2008. Early information from the 18 authorities is that the subsidy is beginning to transform the range of activities available, and access for the most disadvantaged children. I am told that schools are enthusiastic, and reaction from parents has been profound in some instances. They speak about the difference the programme has made; for example, a youngster is able through the subsidy to buy a Brownie uniform and attend Brownies every week, or to buy equipment to take part in an activity.

There is no division between my hon. Friend and me on this matter. I am absolutely with her, but if we do not deliver extended services to the most disadvantaged children, the scheme as a whole will fail. It is those children who stand to benefit the most, and therefore we must ensure that we enable them to access the services. The MORI survey did show a lack of holiday provision, and we are working on that. It also showed that at present a slight majority—about 60 per cent. of parents and 67 per cent. of young people—are satisfied with what is happening in their schools. That is heartening, but it is not enough. We need to ensure that those figures improve.

My hon. Friend raised a related issue which involves another distinct challenge. The extended services must be sustainable, but we also need to enable parents, particularly those who are not working, to access the activities. My hon. Friend has raised this issue with me, in respect of her local authorities in particular, on several occasions. It relates to the child tax credit and the child care element of the working tax credit.

My hon. Friend is absolutely right to say that although there has been some improvement in Westminster in the take-up of child tax credit, the improvement over the past year or so has been only half that of London authorities as a whole—9.5 per cent. in Westminster as opposed to 17.5 per cent. in London. Whereas in other authorities the increase in child tax credit take-up has led to an increase in take-up of the child care element of the working tax credit, that has not happened in Westminster. It has seen half the rate of increase in child tax credit take-up, and that has not translated into take-up of the child care element of the working tax credit. I know that that is technical, and I apologise, but my hon. Friend understands this even better than I do.

Those figures are important, because tax credits—certainly the child tax credit—are one of the main ways in which parents who are not working, as well as others, can get resources to help fund activities. I am afraid to say that, without doubt, Westminster is one of the poorest local authorities for take-up of child tax credit and the child care element of the working tax credit, and has consistently been so. In addition to what colleagues in the Treasury and my Department are doing to promote resources for parents, other local authorities, including some in London, actively promote take-up of such resources, which has made a significant difference.

Ms Buck: Will my right hon. Friend give way?

Beverley Hughes: Let me just finish this point, which relates to what my right hon. Friend the Member for Oxford, East said. Other local authorities are much more assertive in the outreach work that they do from children's centres, schools and Jobcentre Plus. They invest a great deal in their family information services and in training people so that staff on the ground really understand child tax credits and the child care element of the working tax credit. That is how take-up of both those things has been increased in other London boroughs.

Ms Buck: I am grateful for those statistics, some of which I did not know. Will my right hon. Friend agree to ask officials in her Department to approach Westminster to see what can be done to deal with the issue? As she rightly said, it is in danger of undermining delivery of the whole programme.

My right hon. Friend may not be able to answer this question now, but perhaps she could write to me. It is still unclear to me whether anyone knows the extent to which the child care element of the working tax credit is received by parents of older children. It is difficult to drill down for that information, but, unless we have it, Westminster and other boroughs will all be slightly in the dark about the best way forward.

Beverley Hughes: On the latter point, I will write to my hon. Friend. I am not clear myself at the moment whether the Treasury can disaggregate figures on take-up according to the age of children in the family. It is a valid point, and I will investigate and write to her.

I shall also write to my hon. Friend and clarify the figures that I used for the two authorities that cover her constituency. The Government office for London has regular conversations on performance with Westminster about this matter. In addition to the work of the TDA, that is partly how delivery of the programme has improved. I shall ask the office for a report on the outcome of those discussions and ensure that she is aware of it.

I am grateful to my hon. Friend the Member for Regent's Park and Kensington, North and to my right hon. Friend the Member for Oxford, East for the points

[Beverley Hughes]

that they made about the scheme. They recognise its importance, and I very much welcome their support. Extended services are a vital part of a long-term programme to improve outcomes for all children and to ensure that we reduce the inequalities that exist for children from disadvantaged backgrounds.

11.29 am

Sitting suspended.

Cardiac/Vascular Health

2.30 pm

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): Mr. Pope, may I say what a pleasure it is to serve under your chairmanship for the first time? Normally, at this time on a Wednesday afternoon we are both in the Select Committee on Foreign Affairs. A change is as good as a rest, so they say, so I am delighted to have the opportunity to speak in this important debate. I am most grateful to colleagues for turning up on the busiest day, in parliamentary terms. I imagine that we have all had a rushed lunch. I thank all hon. Members for coming.

Let us first remind ourselves of the facts. Cardiac and vascular conditions are those affecting and related to the heart and to blood vessels throughout the body. They include heart attack, stroke, diabetes and chronic kidney disease, affect the lives of more than 4 million people in England, cause 170,000 deaths each year and are responsible for about one fifth of all hospital admissions. The challenge posed by those conditions is stark: cardiac and vascular disease remains the number one cause of death and disability in the United Kingdom. The death rate for coronary heart disease and stroke in men and women is still higher in the UK than in comparable western European countries. It was primarily to address that serious challenge that the national service framework for coronary heart disease, a 10-year plan of action, was launched in 2000. In England, it certainly has delivered significant progress in the fight against coronary heart disease.

The national framework for CHD, with the additional arrhythmias chapter added in 2005, led the way as one of the first national plans developed to take a root-and-branch approach to improving the treatment and care of people with a particular condition and to take action on prevention. Progress reports have shown the following: first, the target of reducing deaths from cardio-vascular disease in people under 75 by 40 per cent. was met five years early; secondly, the number of people suffering a heart attack who received thrombolysis within 60 minutes of a call for help increased from 24 per cent. of patients in early 2001 to almost 70 per cent. in 2007; and thirdly, the waiting times for heart surgery dropped dramatically, from more than 5,500 people waiting more than three months for heart surgery in 2000 to none in 2007. However, we must not risk failing to build on what we have achieved to date. It is vital that these achievements and those of other strategies for stroke, diabetes and kidney disease are sustained and built upon. Simply to rely on a project-based approach is not enough.

Chris Ruane (Vale of Clwyd) (Lab): I thank the hon. Gentleman for not being party political and for giving the Government full credit for our achievements to date. Does he agree that they reflect the Government's investment in increasing health funding from £33 billion in 1997 to more than £100 billion today, and that we need to keep that investment in place for the future to build on our successes?

Mr. Moss: I think that I agree with the hon. Gentleman. In his statement today, I think the Chancellor indicated that health spending would continue along the lines that had been built in some years previously. However,

the achievement in relation to cardiac and vascular disease over the past nine years is more to do with the focus that the Government brought to bear on that wide-ranging issue. That is just as important, of course, as the money that brought it to fruition.

Dr. Andrew Murrison (Westbury) (Con): Although I want to be non-partisan, I fear that we need to point out some failings. Does my hon. Friend agree that it is a scandal that we do not have a national programme for screening for abdominal aortic aneurism, for example, given that the national screening committee said years ago that that should happen? We continue to lose hundreds of men over 65 for want of a simple screening procedure that would probably save more lives than breast cancer or cervical cancer screening, yet Ministers continue to drag their heels.

Mr. Moss: My hon. Friend raises an important point. The Prime Minister himself announced not long ago that a special check system was to be put in place for that problem, which causes deaths in the over-60s and over-65s in the male population in particular. I thought that pilot schemes were due to start in the south-west as early as last year, but I am not aware—the Minister will probably say—that those pilot schemes for checks are in place yet. No doubt, the Minister can throw more light on that.

The Parliamentary Under-Secretary of State for Health (Ann Keen): In fact, we do have a strategy for aortic aneurism screening and we started that in April this year. That was the date that we announced and it has happened. We need to keep to the facts.

Mr. Moss: I think there is a draw on that one.

Dr. Murrison: That is a bit generous.

Mr. Moss: April 2009 is actually here and now, is it not?

Mark Simmonds (Boston and Skegness) (Con): Perhaps my hon. Friend would like to reflect on the fact that the announcement was made by the Prime Minister back in January 2008 and it has taken 15 months even to get the triple-A screening pilots started.

Mr. Moss: Another fact has been added to the record.

Some risk factors for cardiovascular diseases, particularly obesity and a lack of physical activity, are increasing. On current trends, 60 per cent. of males and 50 per cent. of females will be obese by 2050. If unchecked, it is predicted that that will lead to a massive increase in type 2 diabetes, with the current trend indicating that more than 4 million people in the UK will have that condition by 2025. That will result in a large increase in the number of patients who require medication to prevent cardiac and vascular events.

The number of people requiring kidney dialysis is set to double by 2014 to more than 45,000, but growth in the prevalence of cardiovascular disease and diabetes could increase the number still further. With a population that is ageing and increasingly overweight and obese, prevalence of cardiac and vascular conditions, and their associated treatment costs, will only increase. We must therefore ensure that the health service is ready and prepared for the extra demands it will face. Investment now to prevent premature chronic illness will lead to savings in the future.

The success of the national service frameworks means that more people survive acute cardiac and vascular events. Of course, that is good news, but it means that more people are living with cardiac and vascular disease, and it is vital to plan for that. However, although the Department of Health has recognised, in its recent progress report on the national service framework for CHD, the case to build services around all cardiac and vascular disease, it remains unclear how exactly it plans to deliver that integrated approach. For that reason, the Cardio and Vascular Coalition, or CVC as I shall refer to it from now on, has published key recommendations for a new integrated approach to cardiac and vascular conditions for policy makers to consider.

The 41-strong membership of the CVC is a who's who of organisations with an interest in cardiac and vascular disease, ranging from large representative organisations, such as the British Heart Foundation, the Stroke Association, the British Cardiovascular Society and the Royal College of General Practitioners, to smaller organisations representing rehabilitation and congenital heart disease—areas poorly served by the original NSF for coronary heart disease. Those organisations have come together to make a combined case for a renewed approach to cardiac and vascular conditions. Having one cardiac and vascular disease commonly predisposes people to another.

Dr. Hywel Francis (Aberavon) (Lab): I congratulate the hon. Gentleman on his initiative in seeking the debate, and convey to him the thanks of many of my constituents. Many of my constituents signed the British Heart Foundation's petition, which, as he knows, attracted 130,000 signatories. Will he share his thoughts on how a national strategy should develop, and does he welcome the way in which the Government have sought to ensure that, in an era of devolution, the four Administrations work together for an effective UK-wide strategy?

Mr. Moss: I am grateful for the hon. Gentleman's intervention, and I agree that there should be a co-ordinated approach, which the Government have shown to date. I hope that as a result of this debate and pressure from both sides of the House—this is an all-party subject of great interest—they will look ahead and continue their good work. I shall discuss the petition later.

As I said, having one cardiac or vascular disease commonly predisposes people to another—for example, people with diabetes or kidney disease are at much greater risk of developing heart disease. The shared risk factors, related pathology and possible co-morbidities of those conditions support the development of a consistent approach to the management of cardiac and vascular conditions.

It is report, "Destination 2020: A plan for cardiac and vascular health", the CVC urges the Government to commit to a proactive and co-ordinated approach that builds on the success of the work done so far and meets the challenges of the future. That should incorporate coronary heart disease and the other cardiac and vascular diseases—stroke, diabetes and kidney disease—when appropriate. It should address key areas requiring further

[Mr. Moss]

progress and those that were not considered in the existing national service frameworks, including cardiac and vascular disease prevention, congenital conditions, rehabilitation, emerging needs for acute and chronic conditions and, finally, end-of-life care.

A key area where gaps remain is prevalence of disease and equality of access to services. The prevalence of coronary heart disease in men in England increases markedly with deprivation. The rate is one third higher among men in the most deprived group compared with the least deprived group. The difference is even greater in women, and those in the most deprived group have a rate of heart disease at least 50 per cent. greater than the least deprived group. It is clear that there is still inequality of access to cardiac interventions, and "Destination 2020" addresses how those inequalities in the prevalence and treatment of cardiac and vascular disease can be reduced.

Another important area of unfinished business is cardiac rehabilitation—measures to ensure sustained recovery and improvements in health and well-being following a cardiac event. Effective rehabilitation can bring about significant improvements in the lives of people who have had a heart attack or stroke, and reduce disability. Despite a target of 85 per cent. of eligible patients being offered cardiac rehab in the national service framework, a recent national audit of cardiac rehabilitation warned that only 47 per cent. of eligible patients receive that life-saving treatment. Cardiac rehab has been highlighted as a key area where further progress is needed.

Other areas that "Destination 2020" says should be addressed include planning for an increase in acute events, such as a heart attack or stroke, as a result of the risk factors that I outlined—many of the patients affected will be older and likely to have complex vascular disease requiring greater supportive care, as well as a longer hospital stay than is currently the case. The report recommends further development of child-specific services to prevent future cardiac and vascular disease, and the inclusion of children and adults with congenital heart disease in future planning—an area that is absent from the original national service framework for coronary heart disease. The CVC also calls for more long-term treatment and care services for those living with cardiac and vascular disease, to take account of anticipated increases in numbers; and, finally, better end-of-life care services for patients with cardiac and vascular disease. Those patients currently receive less specialist care than those with other conditions, most notably cancer, despite mortality and disability associated with some cardiac and vascular diseases, such as severe heart failure, exceeding that of most common cancers.

Chris Ruane: The hon. Gentleman has given a comprehensive list of areas for improvement, and I congratulate him on that. Will he join me, as chair of the all-party group on heart disease, in asking the Minister to meet the group to discuss his suggestions in detail?

Mr. Moss: That is an excellent idea. Perhaps the hon. Gentleman would like to invite the Minister to address our next meeting.

Ann Keen: I am exceptionally willing to do that, and I thank my hon. Friend for the invitation.

Mr. Moss: One nil, I think.

"Destination 2020" outlines the aims and principles that should underpin a renewed strategic approach to tackle cardiac and vascular disease in the next decade—for example, aims such as those relating to carers, third-sector organisations, and prevention. A person with cardiac or vascular disease should be placed at the centre of service and treatments with their carers and family. The aim should be to develop true partnerships between people with long-term conditions and the professionals and volunteers who care for them, underpinned by care plans and better patient information.

Carers play a crucial role in the ongoing care, rehabilitation and recovery of patients. They should be supported to provide that assistance, but a recent survey commissioned by the CVC showed that only 5 per cent. of carers had had a formal assessment of their support needs. Third-sector organisations representing patients with cardiac and vascular conditions and those around them should be encouraged to play a greater role in ensuring that their needs are addressed in policies and services.

Dr. Francis: I welcome the way in which the hon. Gentleman has emphasised the importance of carers. As chair of the all-party group on carers, I extend to his group the opportunity of having a joint meeting on this crucial issue. Will he respond positively to that?

Mr. Moss: Zero one, I think. The answer, of course, is yes, but the chairman of my group is sitting next to the hon. Gentleman, and all he needs to do is ask him.

Prevention measures should be at the heart of future planning for cardiac and vascular conditions, as they are ultimately the most effective way of reducing illness and preventing premature deaths. Comprehensive cardiac and vascular risk assessment and prevention measures should be encouraged, with particular emphasis on further progress in smoking prevention and cessation and reducing obesity.

"Destination 2020" also recommends measures to ensure that commissioning supports the provision of the resources, services and staffing required to implement a renewed strategy aimed at tackling cardiac and vascular disease. It supports the promotion of evidence-based practice and measures to maintain and strengthen the UK as a world leader in clinical trials in cardiac and vascular diseases to be conducted by both NHS and non-NHS research bodies. The Government's welcome NHS health checks programme aims to identify many of the major risk factors for cardiac and vascular diseases, and should form part of a wider focus on prevention.

It is essential that adequate plans and resources are put in place to meet the needs of the large number of people identified by the NHS health checks programme who will require follow-up. The shift towards prevention and the checks themselves are very welcome, but some questions require clarification. I did not give the Minister sight of those questions before the debate, and she may or may not have time to answer most of them, but no doubt any unanswered questions will be dealt with in correspondence in the usual way.

Ann Keen *indicated assent.*

Mr. Moss: I thank the Minister in advance. The questions are as follows. The pace, scale and model of implementation appears to be decided by each primary care trust. Surely there is a risk that that will increase inequalities, as a result of variable implementation at local level. Will that be centrally monitored and action taken if necessary?

Accessibility to heath checks for patients is, of course, crucial. How is that best to be achieved? Will PCTs be ultimately responsible? Will the services be confined solely to GP practices, or will we set up specialist clinical centres? What will be the role of community pharmacies? There is no doubt in my mind that in community pharmacies we have a fairly universal and readily accessible professional resource that could play a key role in the health check programme. That new role seems to have been actively encouraged by parts of the NHS, but not universally. Some PCTs seem reluctant to embrace that great potential, through ignorance, professional opposition, lack of focus or simple tardiness. More centralised focus and targeting by the Department of Health may be required.

It is vital that those identified as being at risk of vascular disease or as already having a condition receive the best treatment. Does the NHS have a prediction of the numbers from both those groups that health checks will pick up? There is little point in identifying those at risk but being unable able to intervene effectively. What additional resources have been allocated for prevention interventions and the treatment of those identified as having a vascular disease? Are funds being ring-fenced for that purpose? Beyond smoking cessation, what evidence-based prevention interventions are available for PCTs to use?

How will PCTs' success in providing the health checks be assessed and poor performance tackled? How will central Government ensure accountability for local delivery? The programme will yield huge amounts of data that will be invaluable for research and providing the evidence base better to inform commissioning in the future, but what plans are there to collect and use those data effectively?

It appears that two risk engines will be used to calculate people's risk. Ideally, a national programme would be delivered locally using the same tools. Has the Department any plans to use one system only? It is good news that the Department is beginning to look across all cardiac and vascular conditions for the checks. If someone is identified as having multiple risk factors, are there plans in place to manage those risk factors holistically?

There is a clear groundswell of public opinion behind the calls for a renewed strategic approach to cardiac and vascular disease. The British Heart Foundation reports that the CVC's case for a new plan has been backed by more than 135,000 people—a figure mentioned by the hon. Member for Aberavon (Dr. Francis)—who have signed the petition. That is a formidable voice, comprising 41 respected and authoritative organisations and tens of thousands of members of the public. They are asking not for a new national service framework or a replica of the current one, but for a clear vision of where we are going in the next 10 years.

This debate was inspired in part by the fact that the national service framework for coronary heart disease—a 10-year programme of action—is almost a decade old. Given changes in the health service, growing demands and changing priorities, we surely require a renewed strategic approach for the next 10 years, dealing with areas of unfinished business and ensuring a consistent approach across all cardiac and vascular conditions. That call for a renewed strategy is not unique. Such a strategy would be entirely consistent with the Department's announcement that it intends to publish a new strategy for mental health. The national service framework for mental health, which is also a 10-year strategy, is due to end this year, and the Department accepts that it needs renewal.

I am aware that the Department recently issued an update report on the national service framework for coronary heart disease. There was much to welcome in that document, including commitments, first, to address inequalities further; secondly to work across cardiac and vascular conditions; and, thirdly, to address unfinished business, including cardiac rehabilitation. The update rightly records progress made in the fight against coronary heart disease, and there is recognition that now is the time to build on the progress achieved, yet the report leaves some questions unanswered.

When will the promised reviews of the implementation of the current national service framework and the future of cardiology be delivered and how will they be applied to improve services? What is the Department's vision to build on progress in combating inequalities across cardiac and vascular conditions? What exactly does the Department mean by "working across conditions" when it gives the impression that it will treat heart disease, stroke, diabetes and renal disease under separate programmes?

The fundamental concern about the update document was that, of its 20-plus pages, only one was devoted to future planning—for 2010 and beyond. The report is heavy on what has been achieved, but does not acknowledge that the growing burden of people living with heart and circulatory conditions requires a renewed vision for the next generation.

The health service looks very different now from how it looked 10 years ago, when the national service framework for coronary heart disease was first developed. Without a new national strategic approach to cardiac and vascular health in England, we run the risk of progress slipping away. We need a coherent integrated plan covering cardiac and vascular disease, with the experience of the patient, through prevention to palliative care, at the centre. That plan should embrace current initiatives and address remaining gaps in services, so that we can better meet the new challenges that we face, further improve the health of the nation and reduce the incidence of cardiac and vascular disease in England to one of the lowest levels in western Europe.

The CVC has produced a vision for a new comprehensive approach to all cardiac and vascular disease. Will the Minister commit seriously to considering the CVC's "Destination 2020" document and working with the voluntary sector to plan the next phase of the fight against cardiac and vascular disease?

2.57 pm

Mr. Andrew Pelling (Croydon, Central) (Ind): It is a great pleasure to serve under your chairmanship, Mr. Pope. I congratulate the hon. Member for North-East Cambridgeshire (Mr. Moss) on securing the debate. I was very pleased that he mentioned the importance of

[Mr. Andrew Pelling]

the care of, and a proper strategy for, those who suffer from congenital heart disease. It is perhaps a testament to the Government's success that so many babies survive with that condition. It is notable, though, that not all the recommendations in the Monro report were implemented, due partly to the fact that clinical expertise is spread rather thinly across the service. A group chaired by Dr. Patricia Hamilton is re-examining these issues and I hope that early recommendations will be made such that sufficient specialist staff can be trained. A larger number of children with congenital heart disease are surviving to adulthood, and clearly resources are needed to ensure that doctors and nurses with specialist knowledge of adults with such a condition are appropriately trained. When the Minister replies, I would be interested to hear about the approach being taken to congenital heart disease and how that policy is distinguished from the rest of the policies regarding the treatment of coronary heart disease.

This debate is about the treatment of those with cardiac and vascular disease, which many of us will have experience of in the coming years. I am particularly concerned to spend some time considering the expectations of the 380,000 residents of Croydon and what they will face in the context of proposed changes in provision for stroke victims. As the hon. Member for North-East Cambridgeshire said, early treatment is very important when a stroke strikes. It is also a great testament to improvements in the service that 70 per cent. of stroke victims are now treated within 60 minutes—and very important that is too, given that for every hour that treatment is delayed, brain cells are haemorrhaging away at a rate normally experienced over 3.6 years.

In Croydon, the Mayday hospital treats 500 cases of suspected acute stroke each year; at present, we have a nine-to-five, Monday-to-Friday capability for dealing with such cases. However, Healthcare for London proposes that such provision should be provided solely at St. George's hospital. Healthcare for London is, in some ways, setting up an artificial choice between Mayday and St. George's. As we heard, it is important that treatment is given within 60 minutes; even with their blue lights, and despite what the London ambulance service might say, it is extremely difficult to get to St. George's from many parts of Croydon. It is appropriate to say that the population of south-west London would be better served by having two acute stroke units.

It is suggested that St. George's would be the best location, but Mayday's proposals to Healthcare for London were made in partnership with St. George's, the latter saying that the ideal scenario would be to have a joint acute unit with two front doors—at Mayday and at St. George's. Only under the artificial construct by which Healthcare for London pitches hospital against hospital for the right to receive one of eight acute stroke units in London does it make no sense to retain Mayday's hyper-acute provision. After all, the unit in Croydon is performing well; indeed, it has been commended on its strong performance. Its thrombosis treatment is reaching levels provided by the very best in Europe, including in Helsinki. It seems odd to propose removing the excellent provision provided at Mayday yet at the same time to propose endowing Princess Royal university hospital in Bromley with such provision, given that the latter does not have a distinct record in stroke treatment.

I am concerned that as many as 20 per cent. of those presenting with symptoms of stroke are suffering mimic stroke. Taking such patients on the long journey to and from St. George's could put great stress on the London ambulance service. Mayday has experienced significant difficulties in the quality of liaison—it is now becoming a main general hospital—with tertiary centres. I was grateful for the interest shown by the Secretary of State in two cases that seemed to show real difficulties in communication between the hospitals.

More than 1,000 signatures have been added to a petition on the matter. I cite two residents who expressed concern. Given the expected traffic difficulties of travelling across south-west London, Peter Mason quite rightly says:

"Less miles means more lives are saved."

Heather Bain said:

"My mother had a stroke and the only reason she is still mobile is that Mayday was so near to our home."

It is important to consider Croydon's demographics. It is notable that the Healthcare for London bid consultation document cited a 60 per cent. greater incidence of strokes in the black African and black Caribbean populations, which is exacerbated by social deprivation. That is an important concern for Croydon, which has a higher than average population in that respect compared with London and England. It may not be obvious at the moment, but we have a dynamic community. It is changing greatly, and that change will be further driven by migration flows, as Croydon becomes host to the Border and Immigration Agency. That sector of the population—the BME community, and particularly the black Caribbean groups—is now ageing and is much more likely to be exposed.

St George's hospital has explicitly stated it does not have the capacity to take all acute stroke patients. Its bid identified a maximum capacity at the prospective unit of 20 beds, with a preferred bed complement of 14. The Healthcare for London tender made under the consultation suggests that 26 beds are needed for south-west London. It would be appropriate for St. George's and Mayday hospitals to share that provision.

Given the configurations considered in the consultation, it would be somewhat safer to have a stroke in Westminster or other parts of central London. It is partly to do with history and the quality of hospitals in the central area, but coverage in London's periphery seems rather sparse. Although it is never the Government's intention to discriminate against the suburbs, disjointed decisions made in different parts of the public sector have resulted in discrimination against Croydon.

3.5 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): I warmly congratulate the hon. Member for North-East Cambridgeshire (Mr. Moss) on securing this important debate. He is known to be a fair-minded man, and he delivered merited praise to the Government when justified. He also presented a thoughtful analysis and an objective critique when appropriate. All in all, his contribution was delivered in a non-partisan manner, despite provocation from the Taliban tendency of the Conservative Front Bench.

The Cardio and Vascular Coalition's excellent "Destination 2020" strategy, to which the hon. Member for North-East Cambridgeshire referred, is both timely and significant. The aim is to reduce rates of cardio and vascular disease in the United Kingdom to one of the lowest in western Europe. That is a commendable aim, and we should have no trouble in welcoming and supporting it, and taking the appropriate decisions to ensure that it is delivered. As the coalition readily acknowledges, the Government have made important progress, tackling these generally fatal diseases through the national service frameworks to which the hon. Gentleman referred. That is particularly so for coronary heart disease, kidney disease, stroke and diabetes.

Vast improvements have been made to the way in which the NHS diagnoses and treats cardiac and vascular diseases, but although everyone in Parliament should be proud of that, it is vital to recognise that it is only a stepping stone to better health outcomes throughout society. In my view, the key areas for improvement are preventing cardiac and vascular disease and the rehabilitation of patients.

The hon. Member for Croydon, Central (Mr. Pelling) gave a helpful and encouraging speech. I declare an interest as chair of the Ibstock stroke club. The hon. Gentleman was talking about specialist stroke units. We have one in Leicester general hospital, which serves getting on for 1 million people in the city and the county. A feature of its care is the rehabilitation offered as an intermediate step at community hospitals in the county, including at my community hospital at Coalville. I hope that the Minister, who is an able, approachable and articulate member of the ministerial team, will accept an invitation to visit the Coalville hospital to see the work done in the stroke rehabilitation unit. Such an offer is probably difficult to refuse.

I return to the thrust of the debate. Lord Darzi's review of the NHS will undoubtedly lead to fundamental changes to the organisation and commissioning strategies of the national health service. I am a confessed sceptic of the personalised health budget, polyclinics and the choice mantra—I hope that the Minister has not already cancelled her ticket to Coalville. Lord Darzi's emphasis on local commissioning has the potential to continue the Government's record of improving standards and patient outcomes in the NHS. However, in an era in which local health authorities are commissioning rather than providing primary health care, it is vital that the Government retain a strategic view of prevention, diagnosis, treatment and rehabilitation for cardiac and vascular patients, and for all other long-term chronic conditions.

As the report "Destination 2020" spells out, and as the hon. Member for North-East Cambridgeshire said, project-based approaches on their own will not necessarily realise our ambition of reducing the number of cardiac and vascular disease patients or improving their care pathway. The Government need to spell out their strategic policy—I guess that we will hear something about that in the Minister's reply—and the changes to the NHS proposed in the Darzi review must fit around that policy, not the other way around.

I want to focus my main comments on the third principle outlined in "Destination 2020", which talked about the CVC's ambitions being delivered through standards of excellence, a patient-centred approach, effective commissioning, research, addressing specific areas of need and particularly by a new focus on prevention. At this point, I should declare an interest as the chair of the all-party group on smoking and health, and that is the issue to which I now wish to turn.

The Government's Health Bill, which is proceeding through the House, is key to a new approach to preventing the diseases that we are discussing. There are overt links between smoking and many fatal diseases, such as cancer, and deaths from coronary heart disease are about 60 per cent. higher in smokers. That means that tobacco smoking accounts for more than 30,000 deaths from cardiovascular disease in the UK every year. As a result of smoking, 100 people will die from CVD today, 14 or 15 of them in the city of London.

Smoking is a major cause of death from CVD and of the morbidity associated with it, although its prevalence is decreasing, which has made a significant contribution to decreasing CVD rates. It has been estimated that about 48 per cent. of the decline in coronary heart disease mortality in England and Wales between 1981 and 2000—a period of 20 years—was attributable to the reduction in the prevalence of smoking. Smoking rates have declined since my teens and 20s—that was 40 years ago—when about half the adult population probably smoked, although prevalence varied widely by social class and age. None the less, as the Minister well knows, more than 20 per cent. of the population still smoke, and the figure is significantly higher in deprived communities. We therefore need to maintain momentum and to continue to recognise smoking as a risk factor that can and, indeed, must be minimised. It is important to recognise that even by the most optimistic estimates of smoking cessation rates, there will still be at least 5 million smokers in the UK in 10 to 12 years' time, when a fifth Labour Government will be coming to a very satisfactory conclusion.

Even a temporary cessation in smoking improves health outcomes. Crucially, the ability of cardiovascular patients to survive surgery and avoid post-operative complications improves significantly. I do not know whether my hon. Friend the Minister, who is a London MP, was aware of this, but the London Health Observatory reached the following conclusion in its 2006 report on the short-term benefits of pre-operative smoking cessation in London:

> "If patients admitted for planned surgery were to stop smoking prior to operation 2,500-5,300... post operative complications would be avoided each year, and the NHS would make the following savings: 2,600-4,000 bed days could be saved; £0.5-£1.1 million each year across London's PCTs could be saved".

In addition, a sum of between £1 million and £3 million could be saved across London's hospital trusts. Those are significant figures in financial and health terms. If they were extrapolated to the rest of the country, that would result in hundreds of thousands of bed days being freed up and hundreds of millions of pounds being saved.

The risk of CVD increases in young smokers. It has been shown that people under the age of 40 have a five times greater risk of heart attack if they smoke. The immensely successful and well-organised pressure group, Action on Smoking and Health, to which I pay tribute, recently conducted work on the issue. Its report, "Beyond Smoking Kills" found that smoking accounts for 16 per cent. of circulatory disease treatment costs for patients aged 35 and over and for more than twice that figure—

[David Taylor]

34 per cent.—in the 35 to 64 age group. Coronary heart disease caused by smoking accounts for £180 million—20 per cent.—of all CHD treatment costs for patients aged 35 and over, and the figure rises to 41 per cent. for those under 65.

We know that prevention must start early—we often say that and we know that it is common sense—but it must start even earlier where tobacco is concerned. The best way to minimise smoking as a risk factor in CVD is to prevent children from taking it up at all. Most smokers start before the age of 18, and most will never manage to quit. Smoking is a childhood addiction, not generally an adult choice. The Health Bill, which is currently in the House of Lords, is an important part of our prevention strategy. Encouragingly, it proposes a ban on point-of-sale display and on the sale of tobacco from vending machines, as well as plain packaging for tobacco products. I hope that all three of those initiatives survive through to Third Reading in the Commons.

During the Bill's earlier stages in the Lords, the tobacco industry used front groups—a common tactic for the industry—to promote scare-stories about costs, which are not justified by the facts, and to undermine this important public health measure. Ending the display of tobacco in shops will, like the ban on tobacco advertising, help to ensure that tobacco is not seen as normal for our children and that it is not seen and bought alongside sweets and newspapers. Smoking accounts for half the difference in life expectancy between the richest and the poorest in our nation. Breaking the cycle of addiction in the poorest parts of society is the only way seriously to reduce and eventually end such health inequalities. Population-level prevention measures have been shown to work, and the proposed legislation will work across all our communities to help put tobacco out of sight and out of the reach of our children.

When the Bill comes to the Commons, I hope that there will be cross-party consensus in voting to support bans on point-of-sale display and tobacco vending machines, as well as the introduction of plain packaging. I am sure that the hon. Member for North-East Cambridgeshire will raise such issues with the leader of his party, who refreshingly confessed to his personal experience of the difficulties of giving up smoking. I hope that the Leader of the Opposition will be persuaded of the significance of the measures in the Bill and support the CVC's vital ambition of ensuring that the Government adopt a new approach to preventing the diseases that we are discussing. Worthy as they are, however, and highly likely though they are to be effective, the proposed measures will not work in isolation and must be part of a comprehensive approach. Such an approach should be supported and linked to a CVD strategy of the type outlined in the excellent and concise report "Destination 2020", which the Minister will have read.

I have two final points to make. First, the provision of appropriate smoking cessation services in secondary care—the hon. Member for North-East Cambridgeshire mentioned this briefly—must be a standard part of care for all those with CVD or CVD risk factors. That must be an element of our strategy. Secondly, second-hand smoke makes its own deadly contribution to CVD. We banned smoking in enclosed workplaces only in July 2007. Evidence from Scotland, which implemented the measure rather earlier, shows that smoke-free legislation does lead, has led and will lead to fewer heart attacks across the population and that second-hand smoking is often a serious risk factor for those with a pre-existing CVD condition.

The Minister has readily assented to a meeting with the all-party groups that have an interest in this issue, and I hope that we can talk to her. As I said, she is a very approachable Minister, and we have confidence that she will be able to carry forward some of the things that we say to her. Everyone on both sides of the Chamber—there is no serious political divide on this issue—wants to build on the Government's progress to date. The Department of Health would do well to root its future cardiovascular disease strategies deeply in the work that the coalition has recorded in its very clear and concise document. We all—politicians and the general population alike—owe it a debt of gratitude for that work. I hope that the Minister will give her personal, professional and political response to the contents of what is a very useful document for framing the health policy of the next 10 to 15 years and more.

3.20 pm

Sandra Gidley (Romsey) (LD): I congratulate the hon. Member for North-East Cambridgeshire (Mr. Moss) on securing the debate. It is a timely one and I welcome his commitment to the issue. We had a bit of political knockabout early in the proceedings, which I found interesting, because to try to get an idea of what all the parties are doing we had tried to find out Conservative policy on the matter, and could find only one reference:

> "The Conservatives have committed to lowering the number of premature mortality from stroke and heart disease to below the EU averages by 2015."

That is from a document called "Delivering Some of the Best Health in Europe: Outcomes Not Targets." I suppose it is a start, but I have a slight problem with it because one is not quite sure where to aim without knowing where the rest of Europe is going. Anything that makes a comparison with a basket of other countries is almost destined to fail. It is much better to have a clear target that says, "This is where we want to be."

It is important to be fair and acknowledge that things are much better now than in 2000, when I was elected. There has been a lot of progress in the area we are discussing. In 2000 the Government produced the national service framework for coronary heart disease, which was a 10-year plan. We do not have anything against which to monitor its progress. It was really a framework to build on; but at the time it gave a clear direction. I am sure that the Minister will give us full details—probably quoting from the progress report for 2008, which we all received fairly recently. Credit where it is due: the target for decreased numbers of deaths was met five years early and waiting times for surgery have decreased—that is partly due to increased use of statins and emergency thrombolysis.

However, in January 2008 the Prime Minister set out—I am not sure whether it could be called another example of a rushed announcement like yesterday's on Members' expenses—plans to extend dramatically the availability of predict-and-prevent checks. Those are meant to give people information about their health, to support lifestyle changes, and to offer early interventions,

when those are deemed necessary. The checks were to be systematic ones for people in the age group 40 to 74. It was not a bad announcement, but as so often happens something seems to have gone slightly awry, because vascular screening was supposed to have been up and running this April.

Over Easter I took the opportunity to discuss the issue with a doctor from my local medical committee, who said he had received no guidance yet. It would be useful if the Minister would explain or outline the guidance that primary care trusts and commissioners will receive. I am pleased to say that those concerned have not been idle on the matter; they have been talking to the local pharmaceutical committee, which is something that does not happen everywhere. A provisional system was arrived at by which the two professions—pharmacy and the GPs—would work together so as not to duplicate effort, and to avoid treading on people's toes. It was a quite simple idea: the surgeries would produce lists of the patients most in need of a check, rather than a blanket list of everyone in the relevant age group, some of whom would already be in a doctor's regular care, and the people in question would be directed to a pharmacy for a vascular screening check. That seemed to me a quite grown-up way for professions to come to a practical solution, each doing the work they are best placed to carry out, without antagonising each other in the process. In health, things sometimes get a little territorial between the professions.

I was pleased that the hon. Member for North-East Cambridgeshire mentioned pharmacy. I should declare an interest as a fellow of the Royal Pharmaceutical Society. It is worth mentioning that 96 per cent. of the population live within 20 minutes of at least one pharmacy and I echo the hon. Gentleman's comment that pharmacy is currently an under-utilised resource. In addition to vascular checks, pharmacies can help with smoking cessation—which was mentioned just now by the hon. Member for North-West Leicestershire (David Taylor)—diabetes screening and management and weight management services. They can sometimes be of most use to the groups that are harder to reach, such as men who do not go regularly to the doctor but who might live near a pharmacy and be able to pop in on a Saturday. Sometimes members of ethnic minority groups, and particularly women, may shop in the local pharmacy, but be less likely to go to the surgery. Pharmacies such as the Green Light Pharmacy in London have done a huge amount of work with diabetes in ethnic minority communities, to the extent that local consultants noticed that something was going on and worked back to trace the source of the improvement to Green Light's work. We need to examine those examples of best practice and build on them. Even with such a stunning example of success, however, Green Light Pharmacy does not always find it easy to persuade the PCT to commission services.

I welcome the Cardio and Vascular Coalition's document, which acknowledges what has been done and serves as a useful focus on what should happen next. No one can really argue with its list of ambitions, which include reducing the incidence of cardiac and vascular disease to among the lowest in western Europe within a generation. I have the same slight reservation I mentioned before, about the difficulty in knowing how to target where one is going, without knowing where everyone else is going as well. Hopefully movement will be in the right direction, but I should like something a little more specific. The ambitions also include the reduction of inequalities and better integration across health and social care. I cannot, either, argue with the general framework, which is about adopting the best evidence-based practice. It should be patient-centred, with a focus on prevention, and there should be effective joined-up commissioning of services. There is also the standard request for more research.

How is it all going to be achieved? If it were easy it would all have been done by now, and that is part of the problem. To start by thinking about inequalities, in its report the Select Committee on Health did a thorough job of examining the barriers that mean people do not get access to care. It is clear that there are still wide inequalities in this country, whether in the context of class, educational attainment, gender or ethnic minorities.

I was a little concerned about the idea in the document that awareness-raising campaigns are a useful tool. Those campaigns are very difficult to carry out. When politicians try to raise awareness of something that we are doing in a community it takes many different approaches and a lot of time and effort in different media to achieve the desired level. The new buzz phrase is social marketing, but I have yet to be convinced that it works. There is a lot of emphasis on TV and newspaper campaigns, but a lot of younger people today do not even watch much TV. They do not read newspapers. They get all their information from the internet, where it is much more difficult to target an awareness-raising campaign.

It would be more effective if, instead of wasting resources on advertising, they were put into the quality and outcomes framework, so that general practitioners could identify the patients most at risk. Most surgeries have extremely good database information on their patients, and some have put much time and effort into identifying at-risk patients and even more time and effort into making contact. Usually, they invite them in to see a doctor, but if they do not go, somebody will try and make contact with the patient themselves to provide help and advice. That seems to be a much better use of resource than marketing campaigns.

Another interesting aspect of the Select Committee report dealt with the better integration of patient pathways. It talked about health and social care, which was music to my ears because it is a Liberal Democrat policy. However, before moving to that, there is a problem with co-ordination between primary, secondary and tertiary care. Quite often, local commissioners are very focused on primary care but do not—many doctors have told me this—consult enough with the secondary care level to ensure that the whole approach is joined up. One of the biggest hurdles facing my local medical committee, who I met recently, is the lack of continuity between hospitals and communities. When somebody is discharged with a new medication regime, information does not always follow in a timely manner. Mistakes are quite often made upon discharge. No mechanism is in place for checking that.

There is the quite simple idea of patient-held record cards. I wondered whether that was the result of exasperation with the non-appearance of the NHS IT system, which stills seems some years away from being joined up. However, we should not knock old-fashioned card and pen. Using maternity services, pregnant women keep records of what is going on, because they come into contact with a number of different practitioners. It

[Sandra Gidley]

would be useful if patients felt more empowered and had something to which they could refer and of which they were custodians.

Prevention is the key. Much has been said about healthy lifestyles. We all know what foods we are supposed to eat, that we are not supposed to drink too much, that we are supposed to exercise and that we are not supposed to smoke. Knowing is one thing, but putting it into practice is another. I do not think that anyone has cracked that one yet. Much emphasis is placed on food and diet, but we are not actually eating that much more than we did decades ago, although we might be eating slightly differently and consuming more fat. However, we are exercising less. We need a greater focus on exercise, because what is good at fighting cardiovascular diseases has also been shown to be beneficial in preventing cancer and other diseases.

That would be a useful focal point, particularly from a preventive point of view. However, if a condition develops we must ensure that the earliest and best treatment is provided. For example, diabetes can go undetected for up to 12 years, and people will often have developed complications by the time that it is diagnosed. Indeed, the complications are often diagnosed first and then the diabetes is discovered. Again, prevention is the key message, but equally, if we get better at early diagnosis, we can save the health service a huge amount of money. It is very cost-effective.

Twenty thousand strokes could be avoided through preventive work on high blood pressure, regular heartbeats, smoking cessation and improved statin use. The Stroke Association is calling for a more co-ordinated and strategic prevention programme that brings all the varied initiatives together and recognises the commonalities of cardiac and vascular conditions. It also wants early and full implementation of the 20 quality markers in the 2007 national stroke strategy. It would be useful to know how the Government plan to evaluate its implementation. When will the Department of Health commission an evaluation process, what form will it take and when can we expect the results? I again acknowledge that progress has been made in this area, but as budgets tighten, it would be useful to have an indication of where priorities lie and which areas will be resistant to any budget restrictions. We need national leadership, and the excuse that it is up to the local PCTs to set priorities will not, in this case, suffice.

3.35 pm

Mark Simmonds (Boston and Skegness) (Con): I am pleased to serve under your guidance, Mr. Pope. I, too, congratulate my hon. Friend the Member for North-East Cambridgeshire (Mr. Moss) on securing this important debate, which he introduced in an extremely articulate, comprehensive and detailed way, setting out clearly the issues that the Government need to address. Congratulations must also be offered to the Cardio and Vascular Coalition for the excellent work of its disparate groups and for the production of the report, which will enable a continued focus to be placed, quite rightly, on this area of the provision of health care services in the forthcoming months and years.

I want to give the Minister plenty of time to respond to this afternoon's excellent debate. However, while clearly progress has been made—my hon. Friend was right to emphasise that—issues remain to be addressed. I was slightly surprised by the hon. Member for Romsey (Sandra Gidley), who was completely dismissive of any sort of European comparators. For example, the UK is significantly behind France in respect of mortality rates. Indeed, only two countries on mainland and western Europe have worse rates than us—Finland and Ireland. Although progress has been made, significantly more needs to be done.

Additionally, the prevalence of illnesses is likely to increase as the population age, as other Members have said. We need to ensure, therefore, that the requisite resources are put into this area, especially given that cardiovascular illnesses will be exacerbated by rising obesity levels and reducing levels of physical activity. The Foresight report concluded that, on current trends, by 2050, 60 per cent. of males and 50 per cent. of females will be classified as obese. Irrespective of which political party we belong to, we all have a collective and significant role to play in trying to ensure that the country's population get the message about the importance of lifestyle changes.

I do not necessarily agree with the hon. Lady's analysis. People understand that smoking is bad for them—the hon. Member for North-West Leicestershire (David Taylor) made a powerful case for the need to do more on that. However, I do not think that people necessarily understand that the significant lifestyle choices they make about, for example, diet, drinking too much and lying in the sunshine for too long also have very significant negative health impacts. Central Government and other bodies have a role to play in disseminating that very important information.

The initial national strategy framework pulled together for the first time all the inherently linked problems associated with cardiovascular diseases such as kidney disease. That focus in 2000, along with the additional resources funded by British taxpayers' money, has made a difference, and we recognise the improvements made. However, in order to ensure improved delivery and patient outcomes, the Government still need to focus on specific areas on which, arguably, they have not focused sufficiently over the past decade or so.

The first area is prevention. It is clear that the Government have not done enough to raise awareness of the risk factors, causes and symptoms of cardiovascular illness. Although we welcome, for example, the recent FAST campaign on stroke awareness, we believe that both primary and secondary prevention must be more prioritised, which is why we have pledged to have a much greater focus on public health, with ring-fenced public health budgets, locally appointed directors of public health and an enhanced role for the chief medical officer's department, with a specific focus on this area.

The second area that we need to concentrate on is health inequalities. It is well documented that the prevalence of cardio and vascular illnesses is significantly higher in areas of socio-economic deprivation. For example, women in the most deprived areas have a heart disease rate 50 per cent. greater than those in the least deprived areas. Health messages about such illnesses should be targeted at the most at-risk groups to reduce health inequalities. Excellent work is being done by primary

care trusts to address some of those areas, but it is very patchy and it needs to have greater priority across the board. Moreover, things are being done in other countries that we could do in the UK to improve and reduce health inequalities.

Thirdly, significant regional variations were clearly highlighted in the Destination 2020 report. In particular, there were variations in access to cardiac care with relation to revascularisation and National Institute for Health and Clinical Excellence care. We cannot just wait for people to come to the health service; we must take health care out to people in the form of outreach. The hon. Member for Romsey was right about that. Money is often wasted on marketing when it could be used in significantly different ways. In some pockets around the country and in Scotland, such an approach is already under way.

Let me mention the NHS health checks. At the beginning of the debate, we had a party political exchange in which the hon. Member for North-West Leicestershire referred to me as part of the Taliban. That slightly surprised me because I have never been referred to in such a way before. I am sure that the hon. Gentleman will be the first to acknowledge that that exchange was started by one of his own colleagues, rather than by my hon. Friend the Member for North-East Cambridgeshire or myself. For the benefit of patients and patient outcomes, Opposition Members should pressurise the Government to deliver as fast as possible what the Prime Minister promised in January 2008.

David Taylor: Most people in this place would not see me as a boneheaded loyalist, but as far as the NHS is concerned, the Government's record of the last 12 years stands in stark contrast to the 18 years that preceded it. I am referring here to investment, success and changes in outcome. That is the point that the hon. Member for North-East Cambridgeshire (Mr. Moss) brought out clearly in his positive and objective remarks.

Mark Simmonds: Obviously I was not in the House in the 18 years of the previous Conservative Administration, but I say that we need to look forward. We have clearly said that the health service will be our No. 1 priority in government. We will continue to increase in real terms the investment going into the health service, but we will ensure that taxpayers' money is used to maximum effectiveness to deliver patient outcomes. In the past 12 years, that has not happened in the way in which it should have done. We would do things differently—for example, by focusing on patient outcomes rather than on process-driven targets.

I urge the Minister to ensure that the policies that were announced in January 2008 are delivered as fast as possible. Triple A screening, for example, should be delivered across the country because it would save a significant number of lives a year. My hon. Friend the Member for Westbury (Dr. Murrison), who is no longer in his place, was right to raise the issue. He has been an assiduous and continuous advocate of rolling out the triple A screening programme. Moreover, there are issues related to peripheral arterial disease, such as the rise in amputation rates. The UK has the lowest number of PAD patients referred to vascular specialists per head of population of any major country in western Europe. Therefore, the Government must focus on that particular issue as well.

One of my final points before the Minister winds up relates to NICE guidance. Although I do not urge the Minister to pressurise or get involved with NICE—that is certainly not her role—it is essential that once NICE guidance has been issued, it should be implemented as fast as possible for the benefit of patients.

The final area that the Government should consider—we are looking at it in great detail—is information. Information should be easily accessible and communicable to the patient. Patients need the information to make choices about not just where they receive their treatment but the type of treatment they receive, so that it best suits their particular circumstances.

In conclusion, I was very pleased to read this excellent report. Many of its principles fit very comfortably with the Conservative party health policy. We have long been calling for a patient-centred national health service with a greater focus on public health, on prevention and on stronger and more effective commissioning closer to the patients. I am very pleased that the report confirms and agrees with much of what we have been saying in the past few months.

3.44 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): May I say what a pleasure it is to be under your chairmanship today, Mr. Pope? I congratulate the hon. Member for North-East Cambridgeshire (Mr. Moss) most sincerely on his success in the ballot, which has enabled us to have this very important debate in Westminster Hall today.

Cardiac and vascular health is very important to us all. I learned that as a young nurse in the health service. I spent much of my 30 years in the health service as a cardiac nurse. Sadly, my father died in his 50s of his third myocardial infarction. With today's treatment and expertise, he would not have died so young. As we have heard in this debate, cardiovascular conditions account for a very significant burden of disease and premature mortality. We have demonstrated our commitment to tackling such conditions by developing the national service frameworks for coronary heart disease, diabetes and renal disease and the national stroke strategy. They have been developed with active input of the NHS, the third sector, patients and carers.

I understand why hon. Members have to be elsewhere on Budget day, but I am sorry that they are not here. I should like to thank them on behalf of the Government and the Department for the work that they do with carers and with the group nationally in an all-party way. Such strategies have helped to drive the excellent progress we have seen across the NHS in cardiac and vascular services. I would particularly like to pay tribute to the role of the third sector in supporting progress in those services.

During this debate we have heard many mentions of the British Heart Foundation, which has made enormous contributions across the whole range of cardiac services. The Department of Health has enjoyed a good relationship with the BHF over the years and we have worked on many projects together. For example, the Department of Health worked with the BHF on developing its genetic information service. I should like to congratulate the British Heart Foundation on the development of such a service.

[Ann Keen]

I need to tackle a few things that have come out in this debate. Perhaps we should start with screening. Triple A screening is essential. The Prime Minister announced our strategy in 2008, but those who understand how the health service works will know that one cannot make an announcement and press a button and get everyone to start such important screening. Triple A screening is very complex and any programme would need careful development, involving cardiologists and specialists.

There are important patient safety considerations, too. We must be sure that we can provide the correct treatment at the highest standard. It is essential that we put it on the record that the health service, the clinicians and others concerned with this screening have to have the right training to ensure that the right standard of safety care is always in place. The same applies to vascular screening. The next steps guidance was issued in November 2008 and was accompanied by a primary care service framework. Best practice guidance was issued in April 2009. Both guidance documents have drawn on input from not only the NHS, but PCTs, pharmacists, all the other groups that have been mentioned in the debate, and especially the learning network that has been operating since 2008.

The hon. Members for Romsey (Sandra Gidley) and for North-East Cambridgeshire mentioned targets on a few occasions in their contributions. Of course targets make a difference. I am pleased to see two—if not three—converts to targets today.

The hon. Member for Croydon, Central (Mr. Pelling) talked about congenital heart defects. We recognise that services for people with congenital heart disease need to be different from those for acquired heart disease. I will be happy to write to him with a more detailed response—I am not able to deal with it in the time available in this debate. However, on his final point on any proposed reconfiguration, I urge and encourage him to engage with his constituents. The NHS in London is currently consulting on its proposals for the future of stroke and trauma services, which is exceptionally important. I understand that he met the Secretary of State recently; such consultation should continue.

I should also like to address the call for a further strategy document. I understand where Members from within the coalition of all-party groups are coming from, but we believe that our NSFs have stood the test of time. Some elements of the guidance have been updated over the years by NICE, as we envisioned from the outset. However, the hon. Member for North-East Cambridgeshire would find the standards in the NSF and the markers of quality element of the stroke strategy hard to improve upon.

I was overwhelmed with invitations at the beginning of the debate—my hon. Friend the Member for North-West Leicestershire (David Taylor) was exceptionally complimentary. I am happy to commit to discussing the way forward. The hon. Member for North-East Cambridgeshire will also find that the Government have never said that the NSF will not run after its 10th birthday. We tend to talk in terms of those horizons, saying things like "Over the 10 years" and the like. It is a convenient round number and people can consider what will happen when the 10 years are up. I accept hon. Members' concerns, but I think we can put them to bed.

Mr. Moss: Will the Minister explain the fundamental difference between the renewal of the mental health strategy and the renewal of the cardiac and vascular health strategy?

Ann Keen: The hon. Gentleman makes an interesting point. Mental health is not within my portfolio, so it would be unfair to the Minister with responsibility for it if I were to comment on it. As I said, I can see why people have the 10 years figure in their heads. Our recently published 2008 progress report for the CHD NSF stated that we must continue not only to build on the success that we have realised so far, but to consider where we need to do better. There is no doubt that we need to focus relentlessly on improvement and on making quality the organising principle of the NHS.

I should now like to reflect on the successes of our NSFs and the progress that has been made on the implementation of our national stroke strategy. Our greatest achievement in cardiac services has been getting waiting times down. That has been acknowledged by hon. Members today, for which I thank them. That was achieved with a massive increase in cardiologists and other key staff and a 50 per cent. increase in capacity thanks to a £735 million capital investment programme.

The improvements in recent years could not have happened without the hard work and commitment of NHS staff. Cardiologists, cardiothoracic surgeons, cardiac nurses, technicians and rehabilitation specialists have all played their part. I have the great good fortune to meet front-line workers in the health service frequently. I visited St. Peter's hospital in Chertsey, where I saw the angiography suite, which is a very impressive nurse-led unit, and in November last year I was able to accompany the Prime Minister on a visit to Harefield Heart Science Centre, which is led by the eminent cardiologist, Professor Sir Magdi Yacoub. I saw the energy of the young scientists in the centre. They look at stem cell research and other things to research the causes and nature of heart disease and, of course, they consider the importance of its prevention and treatment. I also visited the cardiac catheter laboratory and the walk-in emergency centre at Harefield, which is led by another eminent cardiologist, Dr. Charles Ilsley, and I witnessed a cardiac catheter angioplasty being performed at King's college. I pay tribute to all those people.

We have tried very hard not to have a party political, partisan debate, but I should like to give the hon. Member for Boston and Skegness the opportunity to dissociate himself totally from the remarks made by Daniel Hannan, a Member of the European Parliament, to Fox News. He told those he called his "friends in America", not to go down the same route as us. He said that the NHS was "a mistake" that

"we have lived through for 60 years"

and that it

"has made people iller".

Would the hon. Gentleman like to dissociate himself from those remarks?

Mark Simmonds: I am grateful to the Minister for giving me the opportunity to do so. It is clear that we do not agree with those remarks. The NHS has just had its 60th birthday and we were keen to celebrate it. Since I have the opportunity, I, too, should like to thank and congratulate the hard-working NHS staff, who do such an excellent job every day of the year.

Ann Keen: I hope the hon. Gentleman will ask his party leader to do as he has just done and dissociate himself from the MEP who made such scurrilous remarks about our NHS.

We are planning two pieces of work for the CHD NSF. First, we are commissioning an external review of its implementation and delivery to understand better what has gone well and, more importantly, what has not gone well and, more importantly still, why. Secondly, we will undertake an analysis of the trends in the burden of heart disease and how they, combined with changing patient and public expectations, and technological and medical advances, are likely to affect future demand and patterns of service provision. We aim to make that analysis available alongside the external review.

The CVC report offers the most helpful contribution to our thinking about future burdens. We are happy to continue to discuss the matter and to work with our third sector partners to ensure that the development of heart services continues to improve and that the momentum we have generated in the past 10 years is not lost. One direction that we are keen to pursue is a more integrated cross-vascular approach. There are close links between the risk factors for heart disease, stroke, diabetes and kidney problems. Our recently launched NHS health checks programme demonstrates our desire to pursue such an approach and our commitment to focus increasingly on prevention.

Mark Simmonds: In the brief time remaining to the Minister, will she address the key points that several hon. Members made on the significant role that pharmacies could play in improving and delivering care and prevention for those with cardiovascular problems?

Ann Keen: I mentioned that. I said that we have consulted pharmacies particularly on vascular checks. They are aware of their important role.

We can also look at healthy lifestyles and address the inequalities in health. Those words were not allowed to be used in the Department of Health prior to 1997, so I am pleased that that has changed. A wide range of the Department's health promotion initiatives contribute to vascular health. As was mentioned in the debate, obesity is the common risk factor across the range of vascular diseases, which is why our healthy weight, healthy lives strategy is focusing on helping people to maintain a healthy weight by promoting healthier food choices and physical activity. Eat less, move more, live longer is the message.

The combination offers a really po[illegible] mechanism for embedding quality as the organ[illegible]e of the NHS, whether it is through prevention [illegible]ing at the science of the disease. It is important because it affects us all, especially our constituents in more deprived areas. We have much more work to do, and I look forward to working with the coalition.

Motorcycle Testing (Wales)

3.59 pm

Mark Williams (Ceredigion) (LD): I am delighted to have the opportunity to raise this issue, and it is a particular pleasure to serve under your chairmanship, Mr. Pope.

It is customary to describe Westminster Hall debates as timely, but this debate is particularly timely, as from next Monday, motorcyclists who want to earn their licence will be subject to a new two-module test. The new test stems from the European Union's second driving licence directive, which introduced a requirement to test emergency stops at 50 kph, or somewhere between 31 and 32 mph. I should say at the outset that it is disappointing that the Government did not seek a derogation allowing the emergency stops to be tested on roads, as they were previously. I hope that those in Europe with responsibility for the decision would look favourably on a measure that would suit us better and that, after all, involves a difference of little more than 1 mph, although perhaps the Minister can tell us differently. However, I will not dwell further on the decision in Europe. We are where we are, awaiting Monday's looming farce.

We face more immediate concerns, although it is worth pointing out where failures have occurred. I hope that this debate will reinforce the view that the Department for Transport and the Driving Standards Agency have an important duty to ensure that people can access the test. The practicalities of the new modular test have led to the Government's creation of a series of new facilities, to be known as multi-purpose test centres, to provide for the test. The original intention was to have 90 sites across the United Kingdom. Some 66 were planned, but when the test comes into effect on Monday, only 44 centres will be operational.

In October, when the new testing regime began, 39 testing centres were ready for action. The new testing regime was then delayed for six months, owing to the lack of facilities. Only five more centres are in place now than were then, so I do not understand why, if a delay was appropriate in October, it is not appropriate now. There has been no significant increase in the number of facilities open. I encourage the Minister—perhaps rather optimistically, at this late stage—to think again.

I should place on record the DSA's much appreciated strenuous efforts to locate additional sites. However, even if the 66 sites were up and running for next week, serious concerns remain about the new test's implications for some in rural areas. The map of the United Kingdom highlighting the location of the centres makes for gloomy reading. There are huge voids across mid and west Wales, parts of Scotland and the west country. However, as I am flanked by my colleagues from mid and west Wales, the Minister will appreciate that Wales is the issue of the day.

In Ceredigion, my constituency, riders face the choice of undertaking the first module in Shrewsbury or Swansea. That will lead to potential round trips of up to 140 miles, which raises significant issues of both convenience and safety. Many motorcyclists have expressed to me their fear that riders might have to negotiate treacherous conditions over long distances. It is deeply worrying

[Mark Williams]

that a test introduced to improve safety could have the opposite effect. The sun is shining here today, as I dare say it is in mid-Wales. It would be a pleasure to travel the roads of mid-Wales today, but that is not always the case. A few months ago, the roads were dark, wet and icy. It is worrying.

Mr. Roger Williams (Brecon and Radnorshire) (LD): My hon. Friend is spelling out the situation in Ceredigion. In my constituency, the Harley-Davidson academy of motorcycling operates a centre where people can learn to ride motorcycles safely and with skill, but those taking phase 1 of the test will have to travel at least 50 miles to Shrewsbury, Swansea or Newport. As he says, returning from the test, particularly if they had failed it, would be an ordeal for somebody just learning how to ride their motorbike.

Mark Williams: My hon. Friend represents a constituency that is arguably even more rural than mine. The practical difficulties facing constituents trying to take the test present a huge challenge. However, he will forgive me if most of my speech concentrates on Ceredigion.

To put the issue into context, it is not just mid and west Wales that have been affected. The original proposals have created particular difficulties for those in rural areas of Scotland, particularly some island communities. The Isle of Wight has not been included in the list of MPTCs, so riders from the island will have to travel to the mainland. Also, my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke) has told me of her constituents' concerns. I am sure that the search for casual testing sites is ongoing in such areas, as it is in mine. Any positive news that the Minister can give us will be most welcome.

I mention those areas—they are far from being isolated cases—to illustrate the fact that although mid-Wales is certainly among the worst affected areas, the infrastructure put in place for Monday is far from adequate. I am an optimist by nature. I do not intend to be a doom merchant, but I am worried about the operation of the test as of Monday.

I emphasise that I do not blame the DSA for the situation. I was privileged to meet some of its representatives in my constituency last Friday. It has been given a budget and been charged with using it as best it can to reach as many people as possible. It is incumbent on Government to provide the DSA with adequate resources, so that it can provide adequate testing facilities to meet the challenges of rurality and geography that some of us face.

Lembit Öpik (Montgomeryshire) (LD): I congratulate my hon. Friend on this debate and echo his concerns. Car driving instructors in Newtown and the surrounding area feel the same way. Does he agree that, apart from the basic stupidity, eco-unfriendliness and additional danger of the change being forced upon us, it is the Government's responsibility to ensure that people can learn to ride bikes and pass their driving test without bearing an inordinate additional burden as punishment for the fact that they happen to live in mid-Wales or Montgomeryshire?

Mark Williams: I am grateful to my hon. Friend for making that point. Like my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) and me, he is acutely aware of our constituents' sensitivity to the loss of public services from rural communities.

As I mentioned, the DSA has been helpful in trying to identify casual testing sites where module 1 can take place. We are still trying to find a suitable site in my constituency. I am hopeful, not least because of the determination of the Motorcycle Action Group and of some of my constituents—particularly Rory Wilson and Ken Huntley—that we will be able to find somewhere. However, no site will be ready by Monday, which is why I still hope, optimistically, for some reassurance from the Government about the arrangements as well as about a delay.

Without those assurances, the effects of the new test will be felt immediately. The worst-case scenario is that the new test will reduce demand for module 2, causing problems for the businesses that offer that part of the test. Module 1 must be completed before module 2 can be taken, and there has already been worrying evidence of what lies ahead. Ian Plover of Rider's Edge, which operates from the Royal Welsh showground in Builth Wells in the constituency of my hon. Friend the Member for Brecon and Radnorshire, contacted me about his concerns. When he bought the business in November 2008, it was on the understanding that there would be a casual testing site in the town of Llandrindod Wells. Unfortunately, that does not appear to be the case at the moment and, as a consequence, Rider's Edge finds itself in some difficulty. As of last week, not a single test had been booked after the start date of the new test.

Mr. Plover made the point strongly that the DSA was helpful and did everything it could to assist him in making testing as accessible as possible, but his example demonstrates clearly what might happen when the new test is in place. A reduction in demand for the first module could cause some businesses to become unsustainable. In a few months, we might find not only that some in rural areas do not have access to module 1 at an MPTC, but that no one offers the second module locally either.

Mr. Roger Williams: I emphasise that the facility in Llandrindod Wells was supported by the local authority and the Welsh Assembly Government. With those supporters, I do not understand why that facility could not be provided.

Mark Williams: My hon. Friend makes an important point. I have a vast list of sites that have been explored as potential casual sites but have been rejected. Perhaps the Minister will explain why the Llandrindod site was not pursued.

If my hon. Friends will forgive me, I will now migrate to the west coast. West Wales has been hit further by the lack of an available MPTC site in Haverfordwest in Pembrokeshire. That was explained to me in some detail by the DSA last week. It fought hard to ensure that there was a site in north Pembrokeshire, which would have alleviated some of the concerns in the south of my constituency. It appealed through the planning process to get a site up and running and spent a lot of money from its budget on doing so. It was not the fault of Government, the DSA or the local community. Blame may lie elsewhere.

Losing the Haverfordwest option means that testing provision, which was already inadequate, has become more so. Haverfordwest was chosen for a reason. Presumably it was to respond to demand in west Wales and to the challenges of geography. That option has now gone. As a consequence, there will be no MPTC in Ceredigion, Carmarthenshire, Pembrokeshire or Powys. That is a vast area. Although I appreciate what the DSA has said about the lack of demand in the area, there is a significant gap in coverage. I repeat that the DSA assessed that there was a need and it located Haverfordwest as a possible site, but that option has gone.

Will the Minister say what is happening to compensate for the lack of that option in north Pembrokeshire? There will be no other MPTCs in Wales to make up for its absence. I presume that the money that had been earmarked for Haverfordwest, some of which was spent on the planning process, has gone elsewhere. Some of us feel that we are being penalised by what happened in Haverfordwest. More generally, are there plans to review the number of MPTCs in future or are these proposals set in stone? There has been a downward spiral from the 90 that were envisaged originally to the current 44. The Government hope to expand on that figure, but there has been a downward spiral.

I still believe that there is a strong case for an MPTC in my constituency. I accept that that is unlikely to happen in the near future and that we must concentrate on finding a casual site. Does the Minister foresee a time when the current network will be expanded? We know that the DSA thought it was necessary to have an MPTC in west Wales, but that will not now happen. I hope that the Minister will hold out the hope for future expansion.

It seems to me that having an MPTC is the only way that we can guarantee permanently accessible testing. Casual sites by their nature will be on loan. Although they might be guaranteed for a certain time, they cannot be guaranteed permanently. Finding a casual site is not an easy process. At least five sites in my constituency have been rejected. Three sites in Aberystwyth, one in Tregaron and one in Aberporth have been examined. We are in the process of examining another site in my community of Borth. The local county councillor, Ray Quant, has been particularly active in that. To date, we have been unsuccessful.

Although the DSA has been helpful and has responded to suggestions in this ongoing process, there has been conflicting information. In my first correspondence with the DSA, it was made clear that it would not pay for the surfacing of a test site. I was later told that it would. Other costs are involved in the testing process for things such as electrical contact points and crash barriers. However, my constituents have now been told that money will not be forthcoming. If the Minister is not able to clarify the specifics of individual sites, will he say whether there is a willingness to spend money on a new site? The assertion that we can find a site without cost implications is a fallacy.

There are deep concerns in my constituency. The Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), indicated to me in writing that he would be prepared to meet with my constituents to discuss those concerns. I hope that that will be pursued after the debate.

The fundamental principle that must be considered in any road test is safety. We expect drivers to take tests that determine their competence to avoid unnecessary accidents and deaths on our roads. We all agree with that. However, in implementing this new test without the necessary arrangements, I fear that we are unintentionally compromising that important principle. I do not think that I have come across anyone who thinks that the new test is a bad thing—anything that encourages safer riding is welcome. However, the lack of provision for the test could lead to certain hidden safety concerns. I have mentioned the difficulties involved in travelling long distances on country roads. Concern has also been expressed that due to the greater inconvenience of the testing, some riders may opt not to take the test and to remain on provisional licences or even ride illegally.

There were not enough testing sites in October. There are still not enough testing sites. I know that efforts are being made to find new sites. I implore the Government to give assurances on the finance behind this and to help us to find sites in mid and west Wales.

4.16 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I think that this is the first time that I have served under your chairmanship, Mr. Pope. So far it has been a delight.

I congratulate the hon. Member for Ceredigion (Mark Williams) on securing the debate, which builds on his contributions to the debate before the Christmas recess in which he raised many similar matters.

I believe genuinely that the goal of everybody present, the DSA and the Department for Transport is to ensure that the motorcyclists on our roads have the right qualifications and are safe and careful for themselves and others. That must be our guiding principle.

It might be helpful if I explain some of the provisions. In setting out how we have reached the present position, I will pick up some of the points that have been raised. The European Union legislation on driving licences that was agreed in 2000 set higher minimum requirements for driving tests. That was meant to ensure that the matters assessed in theory and practical tests were relevant to modern driving conditions. Those new EU standards support our domestic strategy for reducing road casualties, which we set out in 2000 in "Tomorrow's roads: safer for everyone".

The strategy set some challenging targets for reducing the number of road casualties. By 2010, we want to reduce by 40 per cent. the number of people killed or seriously injured on the roads in Great Britain. An even harder challenge is to reduce by 50 per cent. the number of children aged nought to 15 killed or seriously injured. We want to reduce by 10 per cent. the rate of slight casualties per 100,000 vehicle kilometres. All those figures are set against the baseline of the figures for 1994-98.

Because of the work that many people have undertaken, we are on target to meet the 40 per cent. target, and the other two targets have already been met. By 2007, the number of people killed or seriously injured was 36 per cent. below the baseline. The number for children was 53 per cent. below the baseline, and the slight casualty rate was 45 per cent. below it. All those achievements

[Paul Clark]

were delivered by the collective efforts of many organisations and people such as Motorcycle Action Group. We welcome those achievements.

Yesterday, we launched our consultation on a new road safety strategy for the period beyond 2010. The Department recognises that motorcycling has a role to play within the whole transport set-up, and our aim is to facilitate motorcycling as a travel choice within a safe and sustainable transport framework. To that end, we published first the Government's motorcycling strategy, and then, in 2008, a revised and updated plan, which we are taking forward in partnership with motorcycling and other interested groups.

After all the good news that I have just laid out on our achievements, there is, sadly, a downside, on which all of our decisions have to be focused. Motorcyclists still represent a large proportion of road casualties: despite making up only about 1 per cent. of road traffic, they account for some 22 per cent. of deaths and serious injuries. We must take that seriously. The road safety strategy made improvements to driver training and testing, thereby playing an important role in producing safer drivers and riders, and it identified European developments as a factor in future changes to the driving test—for example, we believe that the changes to the practical motorcycle test will contribute to a reduction in motorcyclist casualty rates.

The EU changes of 2000 included the introduction of two higher-speed emergency manoeuvres—braking and avoidance—into the practical motorcycling test. The hon. Gentleman seemed to be saying that that has always been done on the road and is therefore nothing different, but I understand that the manoeuvres required are higher-speed emergency manoeuvres. As he pointed out, they must be conducted at speeds of no less than 50 kph and they should have been included in every practical motorcycling test in Great Britain since 29 September 2008. There were overwhelming safety objections to conducting those higher-speed emergency exercises on roads, where there may be other vehicles and pedestrians. That is why those who took a position on the safety aspects for all those involved concluded that those exercises should be done off-road. Ministers therefore asked the Driving Standards Agency to explore and assess those manoeuvres at off-road testing areas that were free from other traffic.

Proposals for the implementation of the new EU requirements were the subject of a public consultation in December 2002, which offered a range of delivery options. In the consultation, contributions were made on all of those options, and undoubted preferences were shown for off-road assessments of the special manoeuvres elements and for those assessments to take place before the general on-road riding assessment process. It was considered that that arrangement would reduce significantly the health and safety risks associated with conducting the specified manoeuvres on the public highway and would answer the cost and access concerns raised by some consultees. Separating the specified manoeuvres would result in a longer practical motorcycling test and would provide an opportunity for the candidate to cover a greater distance during the on-road part of the test.

The new test centres were to be based on the updated design that we intended to use, with appropriate facilities to conduct all the specified manoeuvres off-road, whilst offering improved accommodation and facilities for customers and staff. As well as being fully compliant with disability discrimination legislation, the new centres were to support the Government's wider sustainability agenda. In order to maximise our investment in those centres, the DSA decided that, wherever possible, they would be multi-purpose test centres, which the hon. Gentleman mentioned. In addition to the practical motorcycling test, the centres were to deliver practical tests for learner car, lorry and bus drivers, and their off-road test facilities were to be made available for training purposes when not being used by DSA.

The results of the consultation were published in 2004, and included a stated intention that most motorcycling test candidates should be able to reach an MPTC within 45 minutes, or should be within a 20-mile radius of one, as was laid out in the response to the consultation. On that basis, the DSA estimated that 66 MPTCs would be required across Great Britain to meet demand and to enable the majority of people to attend one and to fit within those criteria. On those estimates, 83 per cent. of the population would have fallen within the criteria. The DSA would have had 38 MPTCs fully operational by 29 September 2008, and it intended to offer, in addition, motorcycling tests from nine part-time Vehicle and Operator Services Agency centres and three casual hire sites. That would have meant that 70 per cent. of the UK population would have fitted within the criteria that I have mentioned.

The hon. Gentleman said that, because there has been no change in those six months, he did not see why there should not be another six-month delay. I must respectfully point out that there has been an improvement in the position in that time, because we have been able to increase the number of centres available. Let me spell it out in this way: instead of 50 being available, there are now 66 sites that would be available. When that time was requested in September, on that basis, we agreed to that six-month delay and we informed the EU Commission accordingly. To give greater flexibility, further consultation was then undertaken about splitting the test into modules 1 and 2, which the hon. Gentleman has mentioned.

Mark Williams: I thank the Minister for his answers to some of my points so far, but I have an eye on the clock. The situation has moved on since then and one of those important sites down in Haverfordwest has subsequently gone, and so has been taken out of the equation. He mentioned the VOSA sites, but most of those are on the other side of Offa's dyke and so are not of particular assistance to my constituents. What compensatory news can the Minister give people in west Wales, given that the MPTC for Haverfordwest has now gone, and given that we are still exploring casual sites and that Monday's deadline is fast approaching? My constituents would be very grateful for some specific news on west Wales.

Paul Clark: I understand the hon. Gentleman's concern and I shall come to where I see our way forward. As he has said, a number of sites have been considered, but it is not easy to find a route through that is suitable to meet the required standards for the new test, which is of

benefit in making sure that we have good standards of training and good test sites available for those whom we want to make sure are safe drivers and motorcyclists. We have taken the opportunity, in the past six months, to increase the number of facilities available and to increase from 70-odd per cent. to 88 per cent. the percentage of the population now falling within the criteria that we laid out. However, I recognise that we have difficulties and that the situation is nowhere near ideal for his constituents and constituents in some other areas.

We have to strike a balance. Some £71 million has been invested in MPTCs, as the hon. Gentleman has recognised. He has said on his website that he hopes that Ministers will find a sensible way forward. I think that way forward is to continue to introduce sensible reforms to cycle and test provisions, because we want safer cyclists and we want them and others on the road to be better protected. We continue to work together and with county councils to take forward the various sites that have been identified, of which some have been too small and some too large.

Sexual Health (Middlesbrough)

4.30 pm

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I thank Mr. Speaker for granting me this debate, which is important to my area. I want to put on record the contribution that health service staff are making in dealing with sexual health matters in Middlesbrough, and to highlight some of the good practices that are being followed. Given that it is Budget day, I will not ask the Minister for any more money—she can put herself at ease on that subject—but I shall demonstrate what good practice is being followed and express one or two concerns that I have for the future.

Securing improvements in sexual health and well-being will continue to present a real challenge to all of those charged with that responsibility nationally, locally and regionally. Sexual health services have been required continually to adapt to changes in the communities that they serve. That was evident in the most recent Department of Health document on the issue, which was entitled "Progress and Priorities—Working for High Quality Sexual Health".

That document shows us, for example, how the shape of HIV in this country has changed significantly, particularly in relation to increases in the diagnosis of heterosexual people infected overseas and the undiminished levels of newly acquired infections in gay men. Despite the availability of more effective drug treatments and expanded testing opportunities, too many people are still diagnosed too late. Overall, diagnoses of sexually transmitted infections have continued to increase. Other social changes also impact significantly on sexual health, such as the frequent use of alcohol and other drugs.

One subject that has not been well reported or analysed is the need for sexual health services for older people. Sexual behaviour research in that group is minimal, but recently, in a large survey of almost 8,000 people over 50, two thirds said that they were sexually active and more than one in 10 said that they did not use contraception with their current partner. They also did not know about their partner's sexual history. The document concludes:

> "Whilst progress has been encouraging in some areas, overall the picture is one of worsening sexual health".

That is the case in Middlesbrough and Teesside, too. Middlesbrough, Redcar and Cleveland, and Hartlepool primary care trusts, as well as Stockton-On-Tees teaching PCT/have developed proposals for the improvement of local sexual health services as part of a Teesside-wide investment. That is an example of best practice in collaboration across geographical boundaries. Flowing from that, a Teesside-wide sexual health reorganisation is taking place to help to facilitate a fully integrated sexual health service.

A tendering process is under way in the area to appoint a lead provider, which will be responsible for organising the delivery of an integrated sexual health service.

That will include genito-urinary medicine—GUM—contraceptive and sexual health services, and teenage pregnancy. It is intended that such a future pattern of integrated sexual health services will start to address the issues that I have mentioned. Those developments will support the changes needed to take a radical step forward

[Dr. Ashok Kumar]

in service delivery on Teesside. That vision of sexual health services sets out an ambition for everyone across Teesside to have access to comprehensive sexual health services, and to promote sexual health and well-being. Our providers say that that

"will be delivered through high quality, fully integrated care pathways, that will be both holistic and client focused".

That is, and will be, delivered through PCT primary services at street and clinic level, and the James Cook university hospital in my constituency. The South Tees Hospitals NHS Trust GUM services are currently meeting Government targets on the number of patients seen and appointments offered. In fact, South Tees GUM services were recent finalists in the *Nursing Times* GUM service awards.

On HIV, approximately 300 patients attend South Tees services—the majority attend the department of infection and travel medicine. Patients are usually seen by the department of infection within 48 hours of referral. Medical, nursing, psychological, dietary and social input gives holistic care to patients with HIV.

For too long, our area has had to suffer poverty and health inequalities, and it has long been recognised that there are serious health inequalities in the Cleveland area. More than 16 per cent. of the population have health problems and that is significantly higher than the national figure of 13.1 per cent. Standardised mortality ratios are higher than national averages for all causes of death—for example, standardised mortality ratios for coronary heart disease show that, in some wards, levels of heart disease are more than 50 per cent. higher than national rates.

The same is true of sexually transmitted infections. Across the Tees area, the four primary care trusts have the highest levels of teenage pregnancy and sexually transmitted infections in the country. The evidence collected by the four PCTs shows a clear picture of an increasing trend in sexual risk-taking behaviour, with the resultant increase in sexually transmitted infections. That is often exacerbated by alcohol and drug taking.

The first priority is to deal with these infections at the sharp end, both in clinics and in hospitals, as I have mentioned. However, a longer-term view is also needed. So, alongside the need to manage the growing demand, the PCTs are acutely aware that they must have a better understanding of social causes and provide better education and prevention. The PCTs have recognised that, although they commission a range of sexual health services, there is not a comprehensive approach to the issue. They also acknowledged that strong, strategic leadership was needed to build on a vision and strategy for this delicate but crucial area of service. As a result, there should be a strong, robust, patient-and-public-involvement focus to address the needs of vulnerable groups.

The PCTs also recognised that although there are good informal service links, commissioning is gradual and service developments are generally not well co-ordinated across the Teesside area. That is expressed in a key document entitled "The Shaping of Sexual Health Services Across Teesside", which is a patient survey conducted in October 2008. The survey ran for four weeks and closed on 26 September 2008. It asked the public to comment on issues such as their understanding of what sexual health services do, where they can go to find information and, if they had received treatment, their opinion of the service.

The survey—an online and paper questionnaire—received 591 responses from members of the public and 24 responses from inmates at the local Kirklevington Grange prison. There was high awareness—over 85 per cent. in all cases—of sexual health services provision, but respondents were not knowledgeable about where to access services, which is a concern.

The internet and GP surgeries are the main sources of information, and, for many members of the public, the GP's surgery is the preferred location for a check-up. People expressed a strong desire to see a same-sex health professional. In addition, many respondents expressed a desire for the clinic to be located where they were not likely to be known, and in a setting not identified as a dedicated sexual health centre.

The responses were received not from those who might be called serial users of sexual health clinics: over 60 per cent. of respondents were recorded as not having had to use a sexual health service in the past two years. The majority of respondents were female, over 86 per cent. were heterosexual, less than 7 per cent. were gay or lesbian, and 3.4 per cent. were bisexual. Nearly half of respondents were 35 to 64 years old, and 95 per cent. considered themselves to be white British. In summary, the vast majority had not required sexual health services, and there was high awareness of what services were offered but not where to access them.

One aspect of the survey that caused me some concern was the location of respondents by postcode area. I will do my best to spare the Minister the ordeal of my running through a social analysis of all the postcodes in my constituency and the general area, but, in short, the distribution of replies reflected respondents from the wealthier areas of Teesside. Worryingly, some of the more affluent wards in our area seemed to have a higher number of respondents than would be the case if analysis were done on a population basis. I do not intend to accuse those responsible for the survey of producing a distorted picture, but I suspect that the findings indicate that the poorer population of inner Middlesbrough has a pattern of needs even deeper than the survey may indicate. As such, I feel that there is a need for a follow-up survey in areas such as central Middlesbrough.

However, the good news from the survey was that, despite the need to extend the service, there was an appreciation of the services provided and of the people providing them. For instance, one respondent said:

"The Doctor took time to listen to my concerns and gave me a full explanation without being patronising."

Someone else said:

"I went to the hospital because I'd been in a sexual attack and the doctor worked with me with areas I wasn't comfortable in expressing."

In June last year, the national support team for sexual health reviewed services on Teesside. The review reflected examples of local good practice but also made several key recommendations, including a move towards much more integration of services. The development of a service specification is an attempt not only to change service delivery but also to try to look more holistically at people's physical, emotional and social needs. In turn, that will be used to try to implement change

through positive attitudes and behaviours. I understand that this is the first such reorganisation in this field in the country.

In conclusion, I hope that the Minister will follow the progress made in the process and outcomes of the reorganisation, given that it provides one of the first standard models for England. I hope that she will keep a close eye on it, given the concerns that I have expressed. However, great progress has been made, given some of the problems and difficulties that we have experienced. I will leave it at that.

4.44 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this debate.

My hon. Friend and I would agree that there is no doubt that the issues around sexual and reproductive health in the 21st century present us with immense challenges—he touched on some of them—but that we are making some progress. The problems include rising numbers of sexually transmitted infections, waiting times for clinic appointments, the emergence of chlamydia as a major infection, the need for better contraceptive services and the need to inform all sexually active people about how to reduce their risk of infection and maintain their sexual health and that of their partner. Underpinning all those issues is the need for consistent improvement, not just in Middlesbrough but across the whole country, and bringing services up to the best possible standard.

My hon. Friend spoke about health inequalities and the importance of reaching out in particular to members of the population to whom services are still not delivering the kind of response that we would like. I concede that Middlesbrough, in common with many other parts of the country, is very much a work in progress. My hon. Friend touched on that when he discussed improving sexual health. There are stories of real innovation and improvement, which he mentioned but, as he said, the picture is still mixed. It is clear that local services must continue to strive to do better to meet the ambitious national targets that we have set them, as Middlesbrough is doing with its new sexual health strategy. I hope that it will ensure that progress is made. I assure my hon. Friend that I will keep an eye not only on Middlesbrough but on the development of sexual health services in all local health areas across the country.

It is important to focus on a few things in Middlesbrough. The town experienced a fall of nearly 24 per cent. in under-18 conceptions between 1998 and 2006, which was very good. Regrettably, it experienced a substantial rise in such conceptions between 2006 and 2007, which left it lagging behind the trajectory for reaching the 2010 targets. After reflecting on that, I, like my hon. Friend, would urge the organisations in Middlesbrough to ensure that, within the important strategy that they are developing, they examine what they need to do to bring teenage conception rates down again.

On STIs, we have data only at strategic health authority level, which show an upward trend in HIV, syphilis and gonorrhoea in recent years. I realise that some increases result from more people coming forward for testing, which is a good thing, but it is important that Middlesbrough considers other reasons for the trend within the strategy. There are, however, signs of better things to come. For example, I am encouraged that Middlesbrough's chlamydia screening programme is starting to grow. It is still a little behind where we would like it to be from a national perspective, but it is heading in the right direction. Again, I urge local organisations to commit to faster progress over the next 12 months. My hon. Friend touched on that when he spoke about the need to ensure that there is a proper focus on all communities and on accurate information, and that there is dialogue and partnership not just with the organisations that provide the service but with local communities as well.

It is good to see that last year, Middlesbrough offered 99.9 per cent. of all patients an appointment at a sexual health clinic within 48 hours—a hair's breadth from the national expectation of 100 per cent.—but consistently, between May 2008 and February 2009, it hit 100 per cent, which is encouraging.

My hon. Friend mentioned the visit of the sexual health national support team in June last year. The team made a number of recommendations to local trusts across Teesside, including the need for stronger strategic leadership, more patient involvement in planning new services and campaigns, better governance and integration across genito-urinary medicine, community and primary care services, and specific improvements in the way in which the chlamydia screening programme was being delivered.

I am encouraged by the fact that the four primary care trusts covering Teesside have joined forces on the new five-year strategy to improve health and well-being, which, as my hon. Friend said, has a particular focus on sexual health for children and young people. Implementation only started this year, but the plans are sensible and they need to pick up on the recommendations of the national support team, as he rightly said. Specific measures include better partnership working between general practitioners, schools and youth workers, facilitated through Children's Trust arrangements in the area. We know from experience across the country that that is crucial in addressing teenage pregnancy.

The PCTs also launched a series of new information campaigns to get the safe sex message across to targeted groups. Let me stress that it is particularly important that these campaigns are targeted. I echo the points that my hon. Friend made in saying that the campaigns need to reach excluded young people who have been expelled from school, involved in drink and drug abuse or who have entered the criminal justice system. In many cases, young people, particularly young women who are pregnant, or those who catch STIs, have other problems in their lives and unless we reach out to them early on and deliver a joined-up solution, we are not making the difference that my hon. Friend and I would like to see.

Drawing together the sexual health strategy and looking at it over a five-year period, I hope that we will not only shut the door before the horse has bolted—that is important in the provision of these services—but that we will still ensure that there is concentration wherever necessary to make people wise after the event. In respect of the plans routinely delivering contraceptive services, I am particularly encouraged that anyone attending an

[Dawn Primarolo]

abortion clinic across Teesside will receive automatic advice, support and counselling, which is a step in the right direction.

Like my hon. Friend, I have focused on the local dimensions and the work on sexual health in the Middlesbrough area, because, ultimately, it is about local services—schools, GPs, youth services and prison services—all working together in this important area. Local action, however, is not a fig leaf for inaction from Westminster. My hon. Friend said that he was not—at least, not today—asking for more money for Middlesbrough, but it is important that we consider the high profile campaigns and the work that is going on.

A significant investment is being made by the Government to improve access to contraceptive services. We have invested some £26.8 million over the last financial year to improve women's access to contraception, particularly long-acting reversible contraception. We have allocated these substantial resources. I say to my hon. Friend and to organisations in Middlesbrough that it is important that they ensure that that money is spent speedily and efficiently to support and reinforce the important points that my hon. Friend made with regard to the five-year strategy.

A great deal of work is under way to broaden services. I mentioned the national target for everyone who needs one to receive an appointment at a sexual health clinic within 48 hours. We also expect PCTs to look at how they can deliver more choice and a wider range of services, because not everyone feels comfortable going to a GUM clinic. We therefore want more primary care and nurse-led services. I hope that we will see those sorts of things blossoming in Middlesbrough. Many GPs are now broadening their skills by delivering routine sexual health services through locally enhanced services.

Although I have already mentioned it, teenage pregnancy is a key concern, which is why we launched the teenage pregnancy strategy, following a detailed report by the social exclusion unit. My hon. Friend touched on inequality in health, leading to economic inequalities and the impact that that has on people's quality of life and their general well-being. Although there has been dramatic progress—falls are welcome—we need to recognise that progress is not fast enough: we are behind in our stated objectives and we need to ensure that our ambitious target to halve the under-18 conception rate by 2010 is achieved. To speed up that process, I announced, with my right hon. Friend the Minister for Children, Young People and Families, additional support to help local areas further reduce their rates. That support includes £20.5 million extra funding to improve young people's access to effective contraception, as well as additional support for parents to talk to their children about sex and relationships, so that young people are able to make those choices and feel empowered with regard to their sexual health, rather than feeling pressurised by their peers.

In October 2008, my right hon. Friend the Minister for Schools and Learners announced that personal, social and health education, which includes sex and relationships education, will become statutory in all schools. This is crucial, added to other policies, including the strategy in Middlesbrough, if we are to ensure that young people have the knowledge and skills to make safe and responsible choices about their sexual health.

We know that where local areas are following the national teenage pregnancy strategy, and where we see strong strategic leadership from PCTs and local authority chiefs, as well as effective partnership working bringing together education, health and youth services to confront the underlying causes of teenage pregnancy, the impact can be significant. We know from experiences across the country, in places such as Hackney and Liverpool, that teenage pregnancy is not inevitable and that if we deliver the services in the right way, fantastic results can be delivered.

I appreciate that Middlesbrough faces particular challenges, with pockets of severe deprivation and disadvantage across the city but, together with my hon. Friend, I urge all local organisations involved with the sexual health strategy in Middlesbrough to make a renewed commitment to the strategy and to tackle speedily the key concerns that he has raised today by ensuring that they have not only the framework and the strategy in place, but that they have ways to deliver it to individuals in the communities across his constituency to make real changes.

5 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 23 April 2009

[JOHN BERCOW *in the Chair*]

Overseas Territories

[Relevant documents: Seventh Report from the Foreign Affairs Committee, Session 2007-08 HC 147, on Overseas Territories, and the Government's response, Cm 7473.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Gillian Merron.)*

2.30 pm

Mike Gapes (Ilford, South) (Lab/Co-op): I am pleased to introduce the report. It had been more than 10 years since the last report on overseas territories by the Select Committee on Foreign Affairs. That is probably far too long. When the Committee decided in 2008 to set up an inquiry into the overseas territories, we initially thought that it would last only a few months, but in fact it was far more detailed and intensive than we originally envisaged.

The overseas territories are diverse and are found in all parts of the world. There are 14 remaining British overseas territories, which vary greatly in size. For example, Bermuda has 66,000 people, whereas Pitcairn has only 47, or perhaps 48—I have seen different figures—but our report said 47 at the time. The administration of such diverse overseas territories has presented the British Government and the Foreign and Commonwealth Office with some difficulties.

The journalists of the *Evening Standard* and the *Daily Mail*, who I assume are not here reporting our debate, sometimes choose to put pictures in their publications denouncing hon. Members for travelling to the Turks and Caicos Islands. They should understand that the work of three members of the Foreign Affairs Committee, two of whom are here with me—there is another behind me as well; that makes three—led to a change in the Government's attitude and approach. As a result, the Government have intervened to deal with serious corruption and other difficulties that had been occurring for some time in the Turks and Caicos Islands but had not been dealt with until then. The journalists who write about Committees' work and travel do not understand the role of Members of Parliament, which is to hold the Executive to account and scrutinise the work of different Departments. No doubt, my remarks will not be reported, but if they are, they will be reported adversely. However, I am prepared for that.

Mr. Greg Pope (Hyndburn) (Lab): I just wanted to say a few words, knowing that my hon. Friend will be too modest to say it himself, in support of the right hon. Member for Tonbridge and Malling (Sir John Stanley), whose tenacity in leading the delegation to the Turks and Caicos Islands led to some of those changes. That needs to be placed on the record.

Mike Gapes: I hope that my fellow Committee members will have a chance to make their speeches after my own and to go into more detail than I have time to do.

When we set up our inquiry, we were shocked by the large number of submissions from the Turks and Caicos Islands. In its submission to us, the Foreign and Commonwealth Office did not refer to issues in the TCI as being of particular concern and expressed no concern about corruption or standards of governance. We received more than 200 submissions for our report, of which the largest group—more than 50—related to that territory. That was a great surprise to us.

Many people wrote to us in confidence, afraid that their names might be revealed, to allege corruption, especially in regard to the sale of Crown land, the distribution of contracts and development agreements, the granting of belongerships and the misuse of public funds by Mr. Michael Misick and his cronies and relatives. There was also a deep concern, borne out by my colleagues when they visited the TCI, about free speech and people's ability even to be seen to talk to hon. Members. People wished to speak to us only in confidence, away from the eyes of friends or officials of the Administration. That was extremely worrying, and we reported back on it.

As a result of our visit and the publication of our report on 6 July, the Government announced on 10 July through the outgoing Governor that they would establish a commission of inquiry into the Turks and Caicos Islands. On 16 March 2009, after the publication of the interim report by Sir Robin Auld, the Government announced that they would make provision to suspend parts of the TCI constitution through a draft Order in Council unless the final report significantly changed their view of the situation. Premier Misick had resigned and been replaced by Galmo Williams as leader of his party. However, when the Government made their announcement, they did not pay tribute to the work of our Committee. We are disappointed by that. We issued a press notice on 31 March welcoming the Government's action and pointing out the fact that we had been instrumental in making the Foreign and Commonwealth Office at last take seriously the problems in the Turks and Caicos Islands.

Jeremy Corbyn (Islington, North) (Lab): I understand what my hon. Friend is saying and the good work done by his Committee. Is he not concerned, however, that Orders in Council have been used to achieve that outcome? It is an extremely undemocratic process that bypasses any democratic accountability either in the Turks and Caicos Islands or here.

Mike Gapes: I do not believe that the Government had much alternative in the short term but to act quickly with regard to the interim report. However, I have some questions for the Minister about the fact that the Governor of the TCI, Mr. Wetherell, has just announced that although the original deadline for the report was November 2008, which was extended until April 2009, the final report will now not be published until 31 May. Therefore, the interim period before the Order in Council comes into effect has been extended for several more weeks, raising some questions about what will happen in the meantime. There are provisions and powers for the British Government to stop further land sales or other measures. Nevertheless, it is not entirely satisfactory that the period before the Order in Council comes into force has been extended.

[Mike Gapes]

I agree with my hon. Friend the Member for Islington, North (Jeremy Corbyn). Political and parliamentary accountability are important. That is one reason why I am pleased that we have secured this debate, so that the Minister can respond to the concerns that I have expressed and that my colleagues will no doubt express later. I have a large area to cover in discussing the report, so I will leave the TCI for now.

Our inquiry received allegations about corruption in other overseas territories, including in Bermuda and Anguilla. The Committee recommended that the Government should encourage the Anguillan Government to introduce anti-corruption measures and to hold an independent inquiry into the allegations that Ministers accepted bribes from developers. The Government have declined to do so and have told us that

"no substantive evidence has come to the Governor's attention that Anguillian Ministers have accepted bribes from developers. The Chief Minister of Anguilla has publicly rejected the allegations. Nevertheless, the Governor will ask the Government of Anguilla to explain how they plan to deal with the allegations made to the Committee."

In a letter to the Committee, the Anguillan Government commented that they were

"not disposed to sanction a system of governmental accountability based on gossips, rumour and unproven innuendo".

They requested that the Committee provide more evidence for the allegations. Given that we were told originally by the Foreign and Commonwealth Office that there were lots of allegations in the Turks and Caicos Islands, but that there was no evidence, I am not reassured by the position that has been taken so far. Will the Minister reassure us in her remarks that the Government are looking closely at these matters?

Similarly, we received allegations about corruption and electoral fraud in Bermuda. No detail was provided on the investigations into the issuing of contracts, as the Committee recommended. The Government pledged to encourage overseas territories to promote transparency and, where necessary, to improve their public accounting and auditing capabilities. I understand that the National School of Government project on strengthening public services is under way. It was due to visit the majority of overseas territories by this month. I would be grateful for an update on that.

We recommended that the Government introduce legislation to extend the Witnesses (Public Inquiries) Protection Act 1892, which does not apply to overseas territories. Failing that, our alternative was for the Government to urgently require overseas territories to introduce equivalent legislation to encourage good governance. The Government responded by stating that the Governments of overseas territories should propose any necessary legislation themselves. We note that the Cayman Islands has passed legislation to implement the witness protection programme and that the Government supported that. I would be grateful to know whether there has been progress elsewhere.

We recommended that the Foreign and Commonwealth Office consider transferring the responsibility for the terms and conditions of employment of chief justices to the UK Ministry of Justice. That was not accepted by the Government. In addition, we recommended that the FCO consider whether judges in overseas territories would be less vulnerable to interference if they were on longer, non-renewable contracts, with appropriate safeguards in case of incapacity. If they are on shorter, renewable contracts, they might be more sensitive to local political pressures. The FCO agreed to look further at that issue and to update us. Can the Minister say anything on that today?

Concerns have been expressed over matters of governance in the British Virgin Islands. There is a difficult relationship between Premier Ralph O'Neal and the Governor and deputy governor. I understand that the Minister has been in close contact with the British Virgin Islands through correspondence and through a visit just a few days ago. Did she have a fruitful, productive and friendly discussion with Mr. O'Neal? Have the outstanding issues been resolved to her satisfaction? Is she confident that relations between the Premier, the political establishment, the Governor and the deputy governor will get back to an even keel?

This is a time of major global financial turbulence. Many overseas territories have roles in the international financial system. Financial service industries are important to a number of the territories. Some of them are tax havens. Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Montserrat and the Turks and Caicos Islands have been named by the OECD as failing to deliver on promises to be more transparent. At the beginning of April, it was agreed at the G20 summit to take action against tax havens. That has caused concern and alarm in some overseas territories.

Following the *Guardian* report that the Prime Minister has written to all British Crown dependencies and overseas territories setting a September deadline to sign up to agreements to share tax information with the authorities, will the Minister say what response, if any, there has been from the relevant overseas territories? How will that matter be taken forward?

We recommended that the Government should encourage Bermuda, the British Virgin Islands, the Cayman Islands and Gibraltar to continue to improve their financial regulation and the investigation of money laundering. The Government accepted that recommendation. However, they did not accept the National Audit Office conclusion, which was supported by the Committee, that they had been complacent in managing the risk of money laundering in Anguilla, Montserrat and the Turks and Caicos Islands, where the UK is directly responsible for regulation. It is therefore most exposed to the financial liabilities that might follow in those places.

In the opinion of the Committee, the Governors of those territories should use their reserve powers to bring in more external investigators or prosecutors to strengthen their investigative capacity. The Government accepted that recommendation, but stressed that using reserve powers to bring in those people would be a last resort. That may be true, but there is a question over when they should use their last resort.

The Committee recommended that the FCO continue to work with the Department for International Development to introduce a financial services regulatory regime in St. Helena that is appropriate for the local economy and for development. We are pleased that that recommendation was accepted.

Committee members split into three groups for the travel involved in this inquiry. Two members went to the Falkland Islands via Ascension Island. That communication

link is vital for the Falkland Islanders. There was discussion of the air bridge at the time of our report. A commercial aircraft contracted by the Ministry of Defence now operates on that route. The new contract came into effect in October 2008. It now operates four times a fortnight, whereas it used to be three times. The Governments of the Falkland Islands and Ascension Island are given the number of seats that they request for each flight, plus 10 premium economy seats.

I understand that the FCO and the MOD are negotiating on a joint policy statement on civilian use of the air bridge. There has been controversy over the pricing structure. There is currently a single tariff with no concessions for children. Concerns were expressed to us by Falkland Islanders who have sons or daughters who wish to come to the UK for education. The lack of concessions would mean additional costs when such children want to get in touch with their families or to return home. The MOD has stated that the islands' Government are able to take their own decisions on fares and discounts on the route and, presumably, therefore expects them to make the necessary payments for that.

Bob Russell (Colchester) (LD): Did the members of the Committee who visited Ascension and the Falkland Islands report back that, if it were not for the residents of St. Helena working in the Falklands and Ascension, neither of those two locations, which are so important to the UK, could be sustained?

Mike Gapes: Members of our Committee are aware of that, and we referred to the importance of St. Helena in our report. I shall talk a little more about St. Helena when I have finished with the Falklands.

Another issue for Falkland Islanders is the strategic environment in which they find themselves. On 28 March, during his tour of Latin America before the G20 summit, the Prime Minister stated, prior to a meeting with the Argentine President, Cristina Kirchner, that there was "nothing to discuss" regarding the sovereignty of the Falkland Islands. It is reported that he also said there were

"ongoing discussions about flights to and from"

the islands. At the moment, anyone who leaves the Falkland Islands by air has to fly around Argentina to Chile, or has to go via the air bridge. Clearly, that is not ideal for people on the islands.

The Committee had previously recommended that the Prime Minister should press the Argentine President to agree to the establishment of a regional fisheries management organisation for the south-west Atlantic and to reiterate the islands' right to develop a hydrocarbon industry. I am interested to know whether those issues came up in the discussions with President Kirchner and whether there has been any improvement in the attitude of the Argentine Government to those important matters, which are of concern not only to Falkland Islanders, but to the UK, because the islands are UK territory.

The hon. Member for Colchester (Bob Russell) mentioned St. Helena. The Committee concluded that the building of an airport and related infrastructure on St. Helena could be a significant step towards self-sufficiency for the territory. However, there was concern about the cost, and we asked the Government to provide figures to demonstrate that they had selected the most cost-effective option for bringing St. Helena off dependency on aid. The Government responded:

"While the airport is a higher cost option than sea access, in terms of the projected benefits to St Helena the airport is the most cost effective option for the Government over the long term."

That was the Government's position, as expressed by the Foreign and Commonwealth Office, in September 2008, but on 8 December 2008, the Secretary of State for International Development decided, in light of the global economic situation, to pause negotiations on the airport. Subsequently, on 9 April 2009, a letter was sent by the Under-Secretary of State for International Development, the hon. Member for Worcester (Mr. Foster), that seemed to kick the whole thing into the long grass. I understand that a firm of contractors was there and that the process was about to begin, but that everything is now in disarray. Much concern has been expressed by people in St. Helena about the implications for the viability of St. Helena and about having the most cost-effective solution, as that was accepted by our Government only three months before they decided to put it on hold. Clearly, this matter raises some big issues, and I would be grateful to hear more from the Foreign Office about it. The Minister has experience of DFID, so perhaps she can understand where it is coming from. Can she speak on behalf of both Departments to give some hope to the people of St. Helena that this issue will not drag on for years, that the uncertainty will be brought to an end and that the most cost-effective way forward will be found?

I also want to discuss Diego Garcia, but I am conscious that other hon. Members might want to talk about it, so I shall not spend too long on it. We had meetings with and heard evidence from the Illois—the Chagossian people who were disgracefully excluded from their homeland and sent away in the 1960s—and we were very concerned about that issue. In May 2007, the Court of Appeal decided that those people had the right to return to the outer islands of the British Indian Ocean Territory. Subsequent to our report, however, the Government won their appeal in the House of Lords, on 22 October 2008, and the Orders in Council that were made in 2004 to prevent the Chagossians, or Illois, from returning now stand.

The Committee has taken the view that, although the legal case has been determined, the moral case for allowing the return of those people has not been determined, and we have recommended that third-generation descendents of exiled Chagossians should be extended British overseas territories citizenship. We made that recommendation on the ground that their birth in Mauritius was a consequence of exile, not of choice, but the Government declined to accept that recommendation on the basis that it would set a precedent for citizenship to be extended to a third generation of people who were born outside the UK or its overseas territories. Clearly, however, those people had no choice about being forcibly removed from their homes by a British Government, so this case is an exception and should be treated in an exceptional manner.

Jeremy Corbyn: I am most grateful to my hon. Friend's Committee for taking up this issue and for its two recommendations on the matter, which I fully endorse. Will he also try to persuade the Foreign Office that it is

[Jeremy Corbyn]

time actively to consider ways and means of returning the islanders to the islands? Does he agree that it is time to update the feasibility study on doing that, rather than continue pursuing an incredibly expensive and ultimately futile legal battle to deny islanders the rights that they, like everyone else in this world, deserve?

Mike Gapes: I hope that the moral argument will be considered. I am not sure whether the legal process can be taken much further following the House of Lords' decision, sadly, but I am not a lawyer. Perhaps other people will consider other options.

Diego Garcia is the largest island in the British Indian Ocean Territory, and has been leased to the United States to become a major military base. Our Committee has been expressing concern for years about extraordinary renditions. We concluded that

"it is deplorable that previous US assurances about rendition flights have turned out to be false. The failure of the United States Administration to tell the truth resulted in the UK Government inadvertently misleading our Select Committee and the House of Commons."

That was the result of information that came to light early last year, and led to the Foreign Secretary making a statement to the House at that time. We also said in our report that we intend to examine further

"the extent of UK supervision of US activities on the base, including all flights and ships serviced from Diego Garcia."

Following the conclusion of the inquiry, the Committee decided to look at that issue as part of our ongoing human rights work. We will be taking evidence from the Foreign Secretary in June regarding the Department's human rights annual report, when we will doubtless have the opportunity to raise that and other matters.

Andrew George (St. Ives) (LD): I am delighted to hear that the Committee will hold that further inquiry, which is certainly required. I am sure that the Committee respects the desire of many Chagossians to return not just to the outer islands, but ultimately to Diego Garcia. Does the hon. Gentleman acknowledge that the US's treatment of those islands, particularly for the purposes of rendition, might well change if the Chagossians were allowed to return? Will his inquiry also look at the nature of the lease that the US has with the UK with regard to the future conditions under which the US can occupy that island?

Mike Gapes: We have already received a number of written submissions from various organisations and individuals, including some hon. Members, on exactly those matters. When we conclude our report, we will no doubt have lots of submissions and evidence to take into account, but I cannot prejudge what the report will say. It would be remiss of me to speculate on that, because I am dependent upon the decisions of my colleagues. [HON. MEMBERS: "Hear, hear!"] My colleagues agree vigorously.

The Committee also concluded that any resolution of the UK sovereignty dispute with Mauritius over the British Indian Ocean Territory must take the Chagossians' wishes into account. However, the Government response states simply that discussions about the cession of the territory would be

"between the sovereign states concerned"

and that

"the views of other interested parties are welcomed".

That does not quite go as far as we would like, and I hope that, if and when that matter is on the agenda, the Government will give it further consideration.

A further issue has recently arisen as a result of reports coming out of the United States. An article in *The Daily Telegraph* on 30 March 2009 quotes documentation that has been revealed in the United States. It shows that the US had planned to use Diego Garcia, rather than Guantanamo Bay, as the place to hold al-Qaeda people and others whom they picked up in Afghanistan and elsewhere. That article quotes Karen Greenberg of the New York university school of law, who interviewed a number of the senior military officers involved in setting up the camp for a new book called, "The Least Worst Place". The article states:

"She said Gen Tommy Franks, in charge of the US invasion of Afghanistan in October 2001, was desperate to move prisoners who had revolted at Mazar e-Sharif out of the 'theatre of war'. She says that Diego Garcia was considered but 'Europe posed a particular problem'. She wrote: 'Not only would the relocation of prisoners there require negotiations and the consent of the host country to conditions and practices, but the European Court of Human Rights would inevitably become involved'."

That means that, as far as we are aware, thankfully, there was no torture by waterboarding in Diego Garcia and no complicity on the part of the British Government in that action. That shows the importance of the European Court of Human Rights, the European convention on human rights and the international legal standards that we have in this country and this continent. Even though the US military have total control of Diego Garcia, in practice they did not think it possible to use it as the Indian ocean equivalent of Guantanamo Bay.

I shall mention a number of other issues before I conclude. In correspondence with us, the Government have confirmed that the question of overseas territory representatives being able to lay a wreath at the cenotaph on Remembrance Sunday is still under consideration. Given that we have six months in which to make the arrangements, I hope that a decision will be made and we will soon be informed of the outcome.

On human rights in general, we recommended that the Government should take steps to ensure that discrimination on the basis of sexual orientation or gender status is made illegal in all overseas territories. The Government have subsequently informed us that they raised the matter at the Overseas Territories Consultative Council, but that

"the Caribbean territories stated that there were political difficulties with changing the law and some said in terms that they would not be willing to do so."

In places that are British territory, someone can be discriminated against without any redress if they happen to have a different sexual orientation. That is not just in the Caribbean; concerns have also been expressed by people from Gibraltar who have contacted me about the issue.

Mr. Pope: The British Government have a legal obligation under the European convention that applies to Gibraltar—there is case law that says it applies to Gibraltar—so it is reasonable for us to ask what the Government are going to do about the matter.

Mike Gapes: The Minister has heard that point and I hope she will respond to it.

We also raised the issue of the so-called rights of non-belongers and wanted that to be an item on the OTCC's agenda. I understand that it was discussed at last October's meeting. However, we were told that there was resistance to change by the representatives of the overseas territories. The Minister told us:

"I encouraged Territories' leaders to review the matter of rights for long-term residents and consider whether there was any scope for change, and for granting belongership within a reasonable timeframe."

I would be grateful for an update on that and if the Minister could tell us whether there has been any progress. Clearly, in some cases people who are very long-term residents do not have full rights within the societies in which they are resident.

The Committee also expressed concerns about environmental issues. Some overseas territories are almost unique environments and have important wildlife, fauna and flora. However, difficulties have been caused by rapacious development—such as that on the Turks and Caicos Islands—insufficient consideration and, sometimes, insufficient funding.

We took the view that the environmental funding that the UK currently provides to the overseas territories is grossly inadequate and should be increased. We described the Government's position as "highly negligent". They acknowledged that more could be done to help the territories tackle environmental issues, which are not so much a matter for the Foreign and Commonwealth Office as for the Government as a whole. The Government said that

"the next inter-Departmental Ministerial Group on Biodiversity involving DEFRA, DFID, the FCO and the Joint Nature Conservation Committee will address the roles of individual government departments with regards to the Overseas Territories and look into the feasibility of carrying out a full strategic assessment of the needs of the Territories".

That group met on 15 January. If possible, I would like to know the outcome of that meeting and whether any progress has been made. Are other Departments with responsibility for these issues coming forward? Is the FCO taking the matter any further?

Finally, I turn to the question of a claim made to the UN Commission on the Limits of the Continental Shelf for the sea bed around Ascension Island and the other places I have mentioned. It is a matter not just for the Falkland Islands, South Georgia, the South Sandwich Islands and the British Antarctic Territory; it has wider implications. A claim has been made with regard to the Falklands, South Georgia and the South Sandwich Islands, but a similar claim should be made with regard to Ascension Island. However, the Government informed us that in May 2008, they formally notified the commission that they would not make a full submission to define the continental shelf beyond 200 miles in the British Antarctic Territory, although they reserve the right to do so. On the Falkland Islands, South Georgia and the South Sandwich Islands, the Government said that they were still considering an approach to the commission.

The deadline for submissions is May 2009, so I would be grateful if I heard whether the Government's considerations have concluded and whether there will be a submission on the limits of the continental shelf in the areas I mentioned. In an answer given in December, the Minister said there had been no developments at that time, but I would be grateful if I heard whether there have been any since, given that it is nearly May.

There are other issues on which I could have touched. I have not discussed all the 14 overseas territories in detail, and I apologise to residents of those territories—I hope that my colleagues will pick on other matters.

Let me say in passing that the Committee's report was long overdue. I hope that our successor Committee—whoever its members are—will look at these issues again relatively early in the next Parliament. Our work has shown the importance of keeping the FCO on its toes. It is also important that there are people of sufficient status and weight in the Department itself who can really make a difference.

It is also important that the choice of governors is given careful consideration, so that we have the right people in place. Governors have to deal with sometimes difficult political environments and personality issues, as well as fractious politics, in what are often very small communities where everybody knows everybody else. It is sometimes more difficult to deal with issues in such societies than it is in larger communities, which one might think would have bigger problems. In small communities, everybody knows everybody else's business, and when misdemeanours occur, people sometimes do not want to take the risk of talking to strangers about them.

What we discovered in the Turks and Caicos Islands was a vindication of the work of our Committee, the House and hard-working Members of Parliament. Even though the *Evening Standard* might denounce us, we do our job and we are proud of the job that we do. Frankly, if we did not do it, there would be even more serious problems—not just in the overseas territories but elsewhere in the world.

3.13 pm

Sir John Stanley (Tonbridge and Malling) (Con): I am glad to follow the Chairman of the Committee, the hon. Member for Ilford, South (Mike Gapes), who used his excellent and extremely well-judged speech to bring out all the salient issues with which the Committee dealt in its important inquiry.

As has been said, this is the first time for well in excess of 15 years that the Foreign Affairs Committee has carried out an inquiry into the overseas territories en bloc, although we have dealt with them in a considerable number of other reports. We have done reports on individual territories, such as Gibraltar, and we have had occasion to refer to the overseas territories in our annual response to the Foreign Office's human rights report. The present report was, however, a major undertaking, and I am glad that hon. Members have an opportunity to debate it and the Government's response.

For reasons that will become apparent, I shall focus much of what I want to say on the Turks and Caicos Islands. Before I do, however, I want to cover two other issues. I start with an important comment that the Chancellor of the Exchequer made in his statement following the G20 summit, when he said:

"We will also take action to protect the world's financial system—and, therefore, our public finances—by cracking down on tax havens, and we note that the OECD has today published a list of countries assessed by the global forum against the international standard for exchange of tax information."

[Sir John Stanley]

In his subsequent contribution, the Liberal Democrat Front-Bench Treasury spokesman, the hon. Member for Twickenham (Dr. Cable), asked a very precise and pertinent question of the Chancellor:

"Can the Chancellor say how many of the countries listed today by the OECD as non-compliant are British dependent territories?"—[*Official Report*, 2 April 2009; Vol. 490, c. 1137-43.]

Although the Chancellor made some generalised comments about tax havens in response to the hon. Gentleman, he signally failed to answer that precise question. He must have had the answer; he had referred to the OECD report, so he must have had it in his brief. Surely his officials would have told him how many of the countries on the OECD's "name and shame" list were British overseas territories. However, the Chancellor declined to give an answer. I do not know why he did, but perhaps it was because he judged that it might have been something of an embarrassment to the Foreign and Commonwealth Office.

The answer to the question asked by the hon. Member for Twickenham as to how many overseas territories are on the OECD's "name and shame" tax haven list is seven. I come to a slightly different score from the Chairman of the Committee in terms of the total number of overseas territories—I make it 15, but he and I will have a discussion as to which bit of Antarctica we have or have not missed out. However, it does not really matter whether it is 14 or 15. Three of them have no permanent resident populations. The fact is—this is a matter of considerable concern—that more than half of our British overseas territories are on the OECD's "name and shame" list for tax havens. I will be glad to help the House by naming the territories concerned. They are Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands—

Andrew Mackinlay (Thurrock) (Lab): Will the right hon. Gentleman give way?

Sir John Stanley: I will just finish, if I may. The others are Gibraltar, Montserrat and the Turks and Caicos Islands.

Andrew Mackinlay: The reason why I erupted is that financial regulation on the Cayman Islands is wholly the responsibility of the United Kingdom Government. In their jurisdiction, over which they have responsibility, the British Government here in London—not the overseas territory's Government—are acquiescing in something that offends the OECD guidelines, and that is happening with their full knowledge and full consent. On the Cayman issue, therefore, they do not even have the fig leaf of suggesting that these things are happening because the overseas territory Government and legislature are dragging their feet.

Sir John Stanley: I am grateful to the hon. Gentleman, but even if there is a slightly lesser degree of delegation in the case of the Cayman Islands, the ultimate responsibility for ensuring that all seven of the British overseas territories that I mentioned are removed from the OECD's "name and shame" list still lies with the British Government.

Does the Minister agree that it is somewhere towards shocking that half the British overseas territories are on the OECD's "name and shame" list for tax havens? If she does agree that that is pretty shocking, will she tell us what steps the Government will take to ensure that not one single British overseas territory will be on the OECD list when it is next published?

I want to talk now about Gibraltar. I have not so far been wholly complimentary about the Foreign Office's performance with respect to the overseas territories, but as—I hope—a reasonably fair-minded sort of guy, I want to say that I think its performance on Gibraltar has, under the present Government, been much better than under the previous Conservative Government. In particular, the Government have brought home the 2006 Cordoba agreement, which was a signal achievement. It involved the solution of a series of issues that had previously been regarded as intractable: the airport issue, the border control issue, the wretched Spanish pensions issue, which had gone on for ever, and the issue of the number of telephone lines from outside that would be allowed into Gibraltar.

In addition, on a matter that, as Members of the House may know, is close to my heart, the Cordoba agreement paved the way to enabling the whole EU to ratify the 1996 Hague convention on the international protection of children. That was an important and significant achievement, but—and I am afraid there is a "but"—there is still one big issue outstanding. I do not mean sovereignty, because that is unresolved and probably will be for the foreseeable future. The remaining big issue is the continuing refusal of the Spanish Government to allow NATO aircraft and naval vessels into Spanish airspace or waters when they are going to and from Gibraltar.

That is an issue that the Foreign Affairs Committee has returned to again and again. In our 2003 report on Gibraltar we urged the ending of those restrictions by the Spanish Government, and we did so again in the report on the overseas territories that we have before us. Our recommendation in that report is clear:

"We recommend that the Government continues making strong representations to Spain and within NATO at the highest level about the unacceptability of Spain's continuing restrictions on direct naval, army and airforce movements or military communications between Spain and Gibraltar."

I am very disappointed by the lack of robustness of the Foreign Office's response to our recommendation, which was:

"We believe the imposition of Spanish restrictions in relation to military movements between Spain and Gibraltar is inappropriate. We therefore support the Committee's recommendation and have made representations to Spain to address the issue. We also work closely with Spain as a NATO ally and will, in this context, continue to engage with Spain to find a constructive solution."

That is truly supine. I dug out some earlier parliamentary questions that I tabled, and the tenor of that response to the Committee's latest report is almost the same as an answer that I got to a question I tabled for the Secretary of State for Defence seven years ago. The answer that I received on 31 October 2002 on the same issue was:

"Discussions between the British and Spanish Government in the context of the Brussels Process aim to resolve all outstanding issues between the United Kingdom and Spain over Gibraltar."—[*Official Report*, 31 October 2002; Vol. 391, c. 892W.]

Here we are, currently celebrating the 60th anniversary of NATO. The Prime Minister went to the celebrations and made a statement to the House when he came back; yet our Spanish ally is engaged in indefensible restrictions on the movement of NATO aircraft and vessels over its airspace and in its maritime waters. I accept that the

issue is not a British one but, at root, a NATO one. I ask the Minister and, through her, going right to the top, the Prime Minister, whether, in the 60th anniversary year of NATO, this is the moment to bring down the full force of NATO's persuasiveness—and particularly that of the United States under its new President—and say, "Let us forget about these ridiculous restrictions, get them removed, and normalise relations between Spain and the rest of NATO with respect to Spanish airspace and maritime waters." Is not now the moment when the strongest possible pressure should be applied by NATO as a whole to the Spanish on this issue?

I want to discuss the Turks and Caicos Islands. I was grateful to the hon. Member for Hyndburn (Mr. Pope) for his generous personal comment at the outset of the debate. I was very glad that the hon. Gentleman and the hon. Member for Hereford (Mr. Keetch) were in our trio of Committee members; they both made the most incisive and persistent contributions to unravelling what was going on in the Turks and Caicos, during our visit and subsequently.

All members of the Committee would agree that when we started our inquiry into the overseas territories we did not have any very clear idea—because we were waiting to see what evidence we would receive—which of them we would be able to visit. We were not going to be able to visit them all. They are spread, as the House knows, from the Pacific ocean through the Indian ocean to the Mediterranean, across the Atlantic and into the Caribbean: we would clearly have to pick carefully, given the time available to us, the territories that we would go to, even when we were splitting into three separate groups. It was apparent to us within a matter of weeks of issuing our press notice and calling for memorandums of evidence that a visit to the Turks and Caicos Islands would be among the highest priorities for the Committee in the course of the inquiry.

The memorandums that we received were unprecedented, in my experience on the Committee, with respect to their volume and, sinisterly, in the degree of fear that lay behind them, for those submitting them. Considerable numbers were sent anonymously because people were not prepared to divulge their names. A significant number came from people who were prepared to give their name, but who submitted the memorandum on the basis that it should be entirely private and confidential and would not be published, and that they would not be identified. Only a very few were put to the Committee on the basis that both the terms of the memorandum and the name of the sender could be published. Those appear in our report.

Mr. Pope: One of the things that I found most shocking on Turks and Caicos was that citizens of a British overseas territory were afraid to be seen in public with Members of this House, afraid to give evidence and afraid even to be seen at a reception talking to us. The only other places I have been to on overseas visits where people were in fear of talking to me as a Member of Parliament are places such as the People's Republic of China. Does the right hon. Gentleman agree that that was a shocking thing?

Sir John Stanley: With his usual acuity the hon. Gentleman has anticipated the next sentences that I was going to say, almost word for word. That was indeed our experience when we went to the Turks and Caicos Islands. The written evidence clearly demonstrated that there was a climate of fear. When we arrived there, that was wholly confirmed. We had to arrange meetings with individuals who were prepared to see us only on condition that the place, date and time of the meeting remained absolutely a secret. Some were not prepared to see us at all, under any circumstances, because they feared that it would result in reprisals against them.

My experience was exactly the same as that described by the hon. Member for Hyndburn. The only other occasion on which I as a member of the Committee have had to meet people in such circumstances was on visits that the Committee made to the People's Republic of China, when we had to take steps to meet political or religious dissidents in certain circumstances. That is the only other time when meetings had to be conducted in such a way, and it was truly shocking to us that such a situation was prevalent in a British overseas territory.

The Committee recommended that a commission of inquiry should be set up. The Foreign Office, to its credit, accepted the recommendation and announced the setting up of a commission of inquiry within days of our recommending it. The interim report of Sir Robin Auld has wholly vindicated our recommendation and the decision of the FCO to accept it. I shall give the House just a few sentences from Sir Robin Auld's interim report. He stated that the Government of the territory

"is at a near stand-still. The Cabinet is divided and unstable…The Territory's finances are in dire straits and poorly controlled. There is a settled pattern of recourse to disposals of Crown land to fund recurrent public expenditure, for want of governmental revenue from other more fiscally conventional sources. I should have added that the financial position is so bad that the Government cannot pay many of its bills as they fall due. Governmental and other audit recommendations lie ignored and unattended. In short, there are wide-spread fears on the part of the people of the Territory that they are leaderless and that their heritage is at risk of continuing to drain away…I am also satisfied on the information before me under Part (a) of the Commission's Terms of Reference of a high probability of systemic corruption and/or other serious dishonesty involving past and present elected Members of the House of Assembly and others in recent years."

Andrew Mackinlay: Does not what the right hon. Gentleman has read out from the report of the independent inquiry appointed by the FCO say something about the stewardship of the Foreign Office over many years? Its man was there—I am not referring to any particular individual but to Governor after Governor. There is something wrong in London as well as in the territory on the stewardship issue.

Sir John Stanley: The hon. Gentleman shows the same acuity as the hon. Member for Hyndburn. He, too, has anticipated precisely the point that I was about to make.

I am not totally surprised that such a situation could arise in an overseas territory, as they have some considerable vulnerabilities. In this overseas territory there is a very small electorate of some 12,000 people, which is about the size of a single county council ward in my constituency. That is the totality of the electorate. Combine that with the fact that we found, extraordinarily, that while people were Ministers they were able to make pots of money for themselves, for members of their family and for

[Sir John Stanley]

their political cronies, and frankly, a corruption and bad governance disaster is waiting to happen, and that is precisely the situation in the Turks and Caicos.

What surprised me more than that actually occurring on the Turks and Caicos Islands was that the Foreign Office seemed to be so oblivious for so long as to what was happening. I can only take the Foreign Office's position at face value on the basis of the memorandum that it submitted to our Committee at the start of our inquiry. I give the House the opening sentence, which states what the memorandum was meant to be about:

"This memorandum is provided in response to an invitation from the Select Committee on Foreign Affairs to provide information on the exercise by the Foreign and Commonwealth Office of its responsibilities in relation to the Overseas Territories and the FCO's achievements against Strategic Priority No 10, the security and good governance of the Overseas Territories."

That is what the memorandum was all about. I reread it, and there is not one whiff of a reference to corruption, or to anxiety or even worry about what was happening on the Turks and Caicos Islands.

The Committee was in an extraordinary position: we received a lavender-scented memorandum from the Foreign Office at the same time as we were being bombarded with distinctly malodorous memorandums from the Turks and Caicos Islands across the Atlantic.

Only one of two conclusions can be drawn from such a situation. If one were cynical—I am not—one could say that the Foreign Office was out to pull the wool over the Committee's eyes, to mislead the Committee. I do not believe that that is how present Ministers or their officials would wish to conduct themselves before the Foreign Affairs Committee. If one takes the view that the Foreign Office was not trying to pull the wool, I am afraid that only one other conclusion can be drawn: the Foreign Office was asleep on the job, or most certainly half asleep, and it simply had not woken up to what was happening on the Turks and Caicos Islands.

To be fair, this is not the first time that that has happened in respect of a British overseas territory—it is the second time. The first time was over a very long period under Conservative as well as Labour Governments. The FCO completely lost sight of what was happening over decades in the appalling child abuse scandal on the Pitcairn Islands. That went on until it was finally exposed in 1999. Twice now we have had the Foreign Office apparently not in any way keeping up to speed with what was happening in an overseas territory, and with very serious consequences as a result.

I conclude by putting some questions to the Minister. What lessons has the Foreign Office actually learned from the Turks and Caicos Islands experience? The situation is a self-evident disgrace. Surely there are profound lessons to be learned within the Foreign Office as to how it should conduct itself towards the overseas territories. What is the FCO now doing to make certain that, following the Pitcairn Islands and the Turks and Caicos Islands, there are no further such repetitions?

Finally, I put this, if I may, to the Foreign Secretary: is the Foreign Office looking hard at whether it is giving the right attention to deployment of Foreign Office personnel, and the degree of calibre that attaches to those who work either in the overseas territories section of the Foreign Office in London, or in the overseas territories? The Minister may tell me that I am wrong, but I fear that the overseas territories section of the Foreign Office, whether at home or abroad, is seen as a backwater or cul de sac. Would someone who wants their career path to lead to permanent under-secretary of state volunteer to go into the overseas territories section of the Foreign Office? I fear not.

In the light of the Turks and Caicos situation, I hope that the Foreign Office is considering fundamentally how it is resourcing those who go into the overseas territories section. The one inescapable fact is that that part of the Foreign Office, and that alone, has ultimate responsibility for the good governance of people overseas.

3.41 pm

Andrew Mackinlay (Thurrock) (Lab): I will not detain the House long, because my two colleagues have covered a lot of territory, in more ways than one, and very effectively, but I want to pick up one or two points. What disturbed me—I think you will share my view, Mr. Bercow—is the uncertainty of our assumption that the House is ultimately the Parliament for all the overseas territories. They may have delegated legislatures, but if the House decides to go to war, those territories go to war. They do not have an opt-out. This is their Parliament, and the UK Government can rescind and vary their constitutions as and when they wish.

We cannot escape our responsibility, but when we embarked on the inquiry, we discovered that there was uncertainty about whether Westminster parliamentary privilege extended to the overseas territories. I have no doubt that it does, and I was deeply disappointed that there was doubt about that. That raises important constitutional issues, and when the House considers privilege in relation to other matters, there should be no doubt that, if the writ of this place has any meaning whatever, parliamentary privilege must extend to every overseas territory. I hope that that can be addressed with dispatch, not by the Government—it may suit them if parliamentary privilege is not recognised as extending to overseas territories—but by the House.

Jeremy Corbyn: Does my hon. Friend acknowledge that that state of affairs will continue with no change while we continue with the mediaeval system of Orders in Council, whereby the Government may obtain the signature of the Head of State and bypass Parliament in its entirety, and we have no means of challenging that?

Andrew Mackinlay: My hon. Friend is absolutely correct, and if he will bear with me, I will come to Orders in Council and constitutions. I do not want to labour the point, but I want to emphasise it. The matter is a grave one for Parliament, and I was deeply disappointed by the ambiguous and uncertain advice that we received. I hesitate to say this, because I may be doing the gentleman wrong—I believe that it was Speaker's Counsel—but it is unacceptable if parliamentary privilege does extend to overseas territories. That relates to witnesses' anxiety, to which my hon. Friend the Member for Ilford, South (Mike Gapes) referred. We could not be confident that we would extend the right of parliamentary privilege to present stuff to our Select Committee. I hope that the matter will be addressed by the Government and, more importantly, the House authorities.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) referred to Orders in Council and the capacity to vary constitutions at short notice. I think the Select Committee has asked too little of the Government—28 days for notice of a variation Order in Council. An Order in Council varying the constitution of a territory, whether extending powers or rescinding them, is a grave matter and should be subject to full consultation, with plenty of time, by the Select Committee. Parliament should have an institutional mechanism so that there is good time for variations in constitutions, whether by Order in Council or any other method. We should have adequate time to examine such orders in detail and to assure ourselves that there is acquiescence not only by the territory Government, but by the Opposition parties when they exist in those overseas territories.

The issue underlines the wholly inadequate arrangements for oversight by the House of our legal and moral responsibilities for people in the overseas territories peppered around the world. It is a disgrace that, when we call ourselves a democracy, some people are denied access to this place. I regret that I could not persuade my colleagues to incorporate a robust recommendation in the report, but I invite them and the House to reflect on the matter. It is unacceptable that the overseas territories have no representation in or access to this place. As I said—I am not being flip—if we go to war, they go to war, yet they are denied that access. That is almost unique for overseas territories.

The US Congress has delegates from US Samoa, Guam and the US Virgin Islands. The National Assembly in Paris has people representing the overseas territories peppered around the world that are under the jurisdiction of the French Republic. They have access to the Assembly. The situation is similar in the Netherlands and Spain. Such representation is not only logical, but moral and democratic. We should be thoroughly ashamed that such representation is not available here. It would overcome some of the problems that my colleagues have highlighted.

The right hon. Member for Tonbridge and Malling (Sir John Stanley) indicated that for years the House had assumed that the Governor of the British Virgin Islands—I am not referring to a specific individual—was competent, but that is now a serious issue. It has become clear that Governors have been incompetent, because there was no reporting back or flagging up of anxieties and there was poor governance. There was acquiescence through silence to a thoroughly unacceptable situation. We have no way of knowing whether those people are good, bad or indifferent.

At the very least—I hope that this will be done in the next Parliament—we should have a Select Committee on overseas territories and/or a Sub-Committee of the Foreign Affairs Committee to deal with overseas territories. They should have the mechanisms and duty to have dialogue, using modern technology, with the people, legislatures and governance of overseas territories, so that the Government have a hand in the matter.

A recent innovation is that representatives of the overseas territories come here once a year, and we are invited to receptions at the Foreign and Commonwealth Office. They are important, and I am not dismissing them. However, there should be a week of formal hearings by the Foreign Affairs Committee or a special Committee that meets them not collectively but individually to probe and inquire into their stewardship of the overseas territories and to see whether there is a deficiency in the Foreign and Commonwealth Office or other Departments. They may believe that they are not receiving sufficient support in overseas aid and development or in the drafting of legislation by the Ministry of Justice, or they may need advice, guidance and counsel from the Treasury.

I intervened rather testily on the right hon. Member for Tonbridge and Malling, who was outlining things very well, but I just find it amazing that British Ministers have the audacity to get up at the Dispatch Box in the House of Commons and refer to the OECD list of jurisdictions that are deficient in terms of compliance on taxation, disclosure and so on when among them is at least one territory where the person in charge of all those things is appointed by the Foreign and Commonwealth Office—by the Foreign Secretary. Frankly, if there is a deficiency, the people to blame are the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer. Probably their officials in Whitehall have not told them the naked truth. I am telling them this afternoon: they are both the same and they are both to blame. I hope that some of the financial papers pick up on this and the Finance Ministers in the other countries will note that they cannot pretend that it is a remote problem that they are trying to get their hands on. This very afternoon, I am telling them that they are to blame. That should be addressed with some dispatch.

The Chairman of the Select Committee, my hon. Friend the Member for Ilford, South, also touched on the need to end discrimination in the overseas territories. That is particularly relevant given the Minister who will respond to the debate. I do not know precisely what she will say, but I find it bewildering that she would even attempt to excuse or defend acquiescence in continued discrimination on the ground of gender in overseas territories for which this place has the ultimate responsibility. That is happening and it must stop. It is a test of her veracity. I know that she is opposed to discrimination on the ground of gender and other categories of discrimination, but if she does nothing about it, she is acquiescing in it.

I was particularly exercised by the fact that there is conscription in Bermuda. I can find no reason why we should allow conscription there. The Bermuda Regiment has been delegated its funding by the local legislature and Government, but that does not excuse our allowing conscription to endure in the regiment of Bermuda. Even if I cannot persuade the House and the Minister on that, it is a fact that conscription is discriminatory. The only people who are conscripted are men. It has to stop. I find it pathetic when I hear Ministers protesting and saying, "Oh well, we're working on it. We're trying to do something." The Minister needs to address the matter with some dispatch.

My final point relates to the laying of the wreaths. It defies belief that there cannot be an immediate decision on that matter. There is all this bogus nonsense about how there would be too many people and about the time factor. I have watched the Remembrance service every year since I was a lad, and what happens is that the people come up in tranches. In one big movement—it is done in a very dignified way—the high commissioners of all the Commonwealth countries move up to lay their wreaths. It takes about five seconds, and they do it with great dignity. Either we could extend that line or we could allow five or six seconds more for the wreaths of the overseas territories to be laid.

[Andrew Mackinlay]

Before the unilateral declaration of independence of Rhodesia, the representative in London of the Government of Rhodesia was given the status of high commissioner and he used to lay a wreath. There is a parallel here. The reason why I draw attention to that is that the constitutional status and relationship of the Federation of Rhodesia and Nyasaland before the break-up of the federation and the UDI was exactly the same as the constitutional relationship that exists with many of the overseas territories today—in particular, but not exclusively, Gibraltar. While I am on the subject of Gibraltar, it is amazing how Gibraltar is so critical to us, but all the overseas territories are critical to our international interests, our global reach. They have contributed to the defence of the United Kingdom. It is an enduring insult to them that this wrong has not been remedied before now. I hope that the Minister will cut through the red tape and announce a change this afternoon.

3.54 pm

Andrew Rosindell (Romford) (Con): I am delighted that the Foreign Affairs Committee has chosen to delve into issues relating to British overseas territories. British overseas territories get a mention in Parliament very infrequently, so it is excellent that the Select Committee has done such splendid work in looking into so many issues relating to the overseas territories, for which we are ultimately responsible. I commend all members of the Committee for the work that they have done.

We do not have a huge amount of time, so I will not go through all the different issues that have already been raised. There are a number of things that I agree 100 per cent. with. I shall speak about one or two of them later, but first I would like to talk in general about the overseas territories and why we are in such a muddle when it comes to dealing with territories for which we are ultimately responsible. Why has the United Kingdom never sorted out a sensible way of arranging territories and giving them representation and proper recognition? Why is it that so long after all the countries that wanted independence were granted independence, those that remain—the British overseas territories—are left in limbo? They are not really totally British—they are not treated as though they are British and as though their people are equal to our constituents. We have so many examples of that; I shall give a couple now.

The volcanic eruption on Montserrat in 1997 devastated communities there. Many of those poor people had to come and live in Britain, rather than we in this country providing the money that they needed to rebuild their communities much more quickly. The airport that is needed on St. Helena, which no doubt the hon. Member for Colchester (Bob Russell) will speak about at length, has been put on hold. I am referring to the appalling so-called "pause" in negotiations. That is disgraceful. It is against what has been pledged by Her Majesty's Government.

I know the Minister well; I speak to her regularly on all these issues. I know how committed she is to trying to improve the situation of the overseas territories, but to be honest, she is hamstrung because of an institutional feeling within the Foreign Office. I mean no disrespect to members of staff from the Foreign Office who are present, but there is an institutional feeling that the overseas territories do not matter, they are secondary, they are not that important and they can just be left. That is why we get these appalling situations such as those on Pitcairn and in the Turks and Caicos Islands. That all fits together if we think about our failure in this Parliament to work out a proper way of giving representation to British overseas territories.

There are many ideas on the subject. The hon. Member for Thurrock (Andrew Mackinlay), for whom I have enormous regard on this issue, spoke an enormous amount of sense and I agree with so much of what he said. He suggested, and I have suggested before, that we should have a Select Committee for overseas territories. This issue should not be under foreign affairs. They are not foreign; they are British. Why is it under foreign affairs? Why are British overseas territories—territories of Her Majesty the Queen—under the Foreign Office? They are neither foreign nor Commonwealth. They are not members of the Commonwealth in their own right. There are British overseas territories in the Commonwealth only via Britain, so they should not really be under the Foreign Office at all. They should be placed in the same Department, whichever Department that is, as the British Crown dependencies. Jersey, Guernsey, the Isle of Man and the British overseas territories should all be placed together under one Department, but not the Foreign Office.

This issue will never be solved while we treat the overseas territories as foreign. They are British, and long may they remain so. None of the British overseas territories or Crown dependencies wants independence. Bermuda possibly did, but even that seems very unlikely, if not unlikely to happen at all. So let us forget the fact that they were part of the British empire. Let us move on; let us take things forward. Let us take the British overseas territories and Crown dependencies and give them proper status—the status that they deserve.

It is shameful that loyal subjects of Her Majesty the Queen and British subjects are treated as they are, that they are not allowed to lay a wreath on Remembrance Sunday and that the flags of their territories are not flown for the trooping of the colour. We have the flag of Mozambique flown because it has joined the Commonwealth, but it has never been part of the British empire; it has never been under the British monarchy. When it comes to the Queen's birthday parade, however, where is the flag of the Falkland Islands? Where is the flag of Gibraltar? Where are the flags of the Cayman Islands or Montserrat? Where are the flags of Crown dependencies such as Jersey, Guernsey, Isle of Man and Alderney? They are nowhere to be seen—but the flag of Mozambique is.

We insult these people. We insult them when they have disasters—as, for instance, when Hurricane Ivan hit the Cayman Islands. I went to the Cayman Islands on a Commonwealth Parliamentary Association visit in 2006, and I know how hurt those people felt. Disaster struck, and they needed our support. Where was the Navy? Was the Government offering support? The islanders received little support, if any. That is something for which we are all responsible, and we should not let such things continue.

Perhaps we should allow the British overseas territories to have elected representation in the House of Commons. Perhaps we should find a way to give them their own Members of Parliament; we would have to consider

carefully how it could be done. Would they have their own representation, or would each territory be linked to an existing constituency? Either way, the hon. Member for Thurrock and I believe that it is wrong in the modern world that British people, for whom we have ultimate responsibility, should have no vote and no say. We can declare war on their behalf, and we can make foreign policy on their behalf. We could join the euro if we wished to—I hope that we never do—but if we did, what would happen to the Falklands pound? We make the decisions on all those matters.

We now have devolution for Scotland, Wales and Northern Ireland, with the clear example of Scottish MPs voting on English matters. We can therefore resolve the problem for the overseas territories; we know that they can be accommodated here because of what has happened as a result of devolution. Of course, they should not vote on issues that have no effect on them, but if it is a matter that affects the overseas territories—many things do—they should have the right to vote in this Parliament. I accept that that probably will not happen, and even if it does it is a long way off.

Why should we not have a Select Committee? Let us consider what Australia does for its small number of territories. Norfolk Island, Christmas Island and Cokos Island do not have representation as elected representatives in Canberra; instead, there is an external territories committee. Those islands can air grievances and talk about issues that matter to them; they have a voice in the Canberra Parliament. As a result, they are not disregarded. Above all, they are not treated as foreign. They are treated as being part of Australia, even though technically they are slightly separate—rather like our overseas territories and Crown dependencies. Australia and New Zealand treat their overseas territories far better than we treat ours.

A range of issues needs to be addressed. The crux of the matter is that Parliament has not been doing the right thing. Under Governments of both parties, we have sidelined the issue. No Government have a particularly proud record in that respect. The present Government brought in the British Overseas Territories Act 2002, and I applaud them for that. It was a great step forward to give British citizenship to all citizens of the overseas territories. However, it was only the first step. We need to do a great deal more to resolve matters.

The other matter that must be mentioned today is that of the Chagos islands. By any standard of democracy, of human rights and of treating people in a decent manner—however we look at it—that was wrong. It was a terrible thing to have removed those people from their homeland, to have chucked them out, taken them from where they lived and put them in a foreign place and then denied them the right ever to return.

The hon. Member for Islington, North (Jeremy Corbyn) and I do not agree about much, but we certainly agree on that question. We are working together through the all-party group on the Chagos islands, because at the end of the day it is about treating people in a decent and humane way. How could anyone justify what happened to those islanders? I do not understand how any Minister could ever have justified that. We must put matters right. The Minister knows my opinion on the matter, and I have a deep suspicion that she has some sympathy with it, but the reality is that the institutional line taken by the Foreign Office can never be broken. We need to be truthful with ourselves; we should value the overseas territories, treat them as British and ensure that such mistakes are not repeated.

Jeremy Corbyn: The hon. Gentleman's kind remarks are well taken—*[Laughter]*—with great surprise all round. He is slightly mistaken about the institutional nature of some aspects of the Foreign Office. As Foreign Secretary, Robin Cook specifically did not appeal against the 2000 judgment that gave the islanders the right to return. In a sense, the Orders in Council made in 2004 vetoed everything that had been achieved previously by legal action.

Andrew Rosindell: I bow to the hon. Gentleman's superior knowledge.

I know that the debate has been going on for many years, and I am sad that we are no further forward—that because of the House of Lords ruling, we are still stuck in this situation. I am deeply unhappy that there seems to be some sort of unofficial agreement with Mauritius—that once America decides to leave, Mauritius will take what is properly called the British Indian Ocean Territory. That is not right.

The remaining territories of the United Kingdom—the Crown dependencies and the overseas territories come to a total of 21, although we might argue about the number—must not be forgotten. They are all British and they will all stay British; we need only to sort out the right kind of representation and how we should govern them. The one thing that must be done, the one thing that must be addressed, is to sort out where they fit within government. They should no longer come under the Foreign Office. They should be treated as British, perhaps through the Home Office or the Ministry of Justice, or even a new Department that included Scotland, Wales and Northern Ireland.

Who can tell what the Government may decide to do? However, the overseas territories should all be included under one Department, and treated as British, not as foreign. Until we get that message across, until we change our attitude and properly sort out their representation here in this Parliament, through Government or the Department that represents them—only then can we hope to solve all the other problems that have permeated down and which were mentioned in the report.

I commend the Foreign Affairs Committee for what it has achieved. I hope that this will not be our last debate on the British overseas territories. We need a regular debate on the subject. We should not have to wait for another Committee report. Let us at least have an annual debate on the subject, just as we have annual debates on Scotland and Wales. We should do the same for the British overseas territories. From now on, we should all fight to ensure that they are treated as British and not as foreign territories.

4.7 pm

Jeremy Corbyn (Islington, North) (Lab): I start by saying how much I welcome this debate. As the hon. Member for Romford (Andrew Rosindell) said, such a debate should be held on the Floor of the House rather than in this Chamber.

[Jeremy Corbyn]

I thank the Select Committee on Foreign Affairs for undertaking its investigation into the overseas territories, and particularly for examining the question of the British Indian Ocean Territory—the Chagos islands and Diego Garcia. I am chair of the all-party group on the Chagos islands, and I was pleased not only that the Foreign Affairs Committee undertook its investigation but that it invited Olivier Bancoult and Richard Gifford to give oral evidence to the Committee. There was a sense of democratic justice when we finally saw Olivier Bancoult giving evidence on behalf of those who were grievously wronged so long ago. I thank the Committee for that and for those two of its recommendations.

I shall speak only about the Chagos islands. They were depopulated in a rather disreputable deal done in the 1960s between the Government and the United States Administration. It was probably a trade-off for British non-participation in Vietnam and Polaris. The US wished for a base on the Chagos islands, and they were given Diego Garcia.

For reasons that have never been fully or rationally explained, US security needs apparently extend beyond the base on Diego Garcia to the entire island—and the rest of the archipelago, which is several hundred miles away. The islanders were forcibly removed. Some were enticed out on the basis of educational or medical requirements and sent to Mauritius; and some were more or less forced on to boats and taken to Mauritius, where they were simply dumped on the quayside.

A little later, compensation was rather grudgingly given, but it was insufficient and many islanders were conned out of it and have lived in terrible poverty ever since on the island of Mauritius. The former Member for Linlithgow, Tam Dalyell, took up the case on many occasions, as did the former Foreign Secretary, Robin Cook. Tam first met the islanders when he visited Mauritius and its then governor.

The issue of what we do now is very important. The Chagos islanders, having been dumped on the island of Mauritius with minimal compensation—some went to the Seychelles—stayed together as a community, which is deeply significant. It would have been very easy to give up and disappear, but they felt they had been wronged and that they had had a reasonable living on the Chagos islands—it was largely a combination of copra-growing, subsistence farming and fishing. This was an ideal. They are descendants of imported slaves and Portuguese and others who landed there, and have become an identifiable group and a community in themselves.

In staying together, they fought a legal campaign for a very long time for the right to return. On going through some papers from when I was first elected to this House, in 1983, I found that one of the earliest letters that I received was from Oliver Bancoult of the Chagos islands. With a sense of enormous justice, in 2000 they were finally granted the right of return by the High Court. It was a very significant legal victory. The right of return was enshrined in that decision, not to Diego Garcia, but to the rest of the archipelago. The then Foreign Secretary, the late Robin Cook, announced that he would not appeal against the decision and would therefore cause resettlement to become a possibility. Robin Cook had campaigned on the issue of Diego Garcia as a Labour Back-Bencher in the 1970s.

Preparations were being made for the islanders' return. A year later the British Overseas Territories Act came before Parliament and an amendment was put forward by Tam Dalyell, the former Member for Linlithgow, and me, to extend British citizenship to British Indian Ocean Territory citizens, even though they were no longer resident there, because they had been forcibly removed. We withdrew our amendment in the face of a complementary amendment from the Foreign Secretary, and they were duly given British citizenship. As the Select Committee correctly pointed out, however, there was an anomaly, because third-generation islanders were denied citizenship. That was pointed out at the time, but unfortunately the Foreign Office could not accommodate those concerns. I am pleased to say that the Select Committee has made that recommendation, and I hope it can be taken up.

Granting British citizenship, however, is not the same as saying that those people must be resident in Britain. They cannot return to where they came from: the British Indian Ocean Territory. In effect, they have a choice of either continuing to live in Mauritius, or coming to live in this country. The one place they cannot go is the place from which they derive their right to British citizenship—the British Indian Ocean Territory. It is an utterly absurd decision.

The preliminary feasibility study was prepared—I have a copy of this very extensive document—and discussions were under way concerning the right of return. Quite honestly, had a group of islanders simply returned between 2000 and 2004 and taken up residence—as itinerant and very wealthy yachts-people occasionally do—the British Government would either have had to not pursue the Orders in Council or, which is more likely, would not have been prepared to face the international opprobrium of once more evicting people who had every right to be there. Unfortunately, no islanders returned during that period, because they trusted the Foreign Office statements saying that they would be entitled to and allowed to return to the islands.

The Orders in Council were challenged by the excellent solicitor acting on behalf of the Chagos islanders, Richard Gifford, and the case went through the courts, all of which found that the Orders in Council were wrong in law and practice and unfair on the islanders. In the latter part of last year, however, the case went to the House of Lords, where a judgment was made, on a majority verdict, allowing the Foreign Secretary's appeal against the High Court decision and upholding the Orders in Council. A joint statement made by Richard Gifford and Oliver Bancoult after that decision read:

> "The government has therefore achieved a victory in banning the islanders permanently from their homeland, and they are in shock at this reversal of previous decisions, and the loss of their cherished right to return home...However, the two dissenting judges, Lord Bingham and Lord Mance, decided that the orders were void because it was beyond the power of government to abrogate such a fundamental right as the right to return to one's homeland. Moreover, they also conducted a searching critique of the reasons advanced by ministers. In summary, the minority judges dismissed the reasons given in a stern critique of the evaluation conducted by ministers in secret."

What do the islanders do next? They have a right to, and will, take their case to the European Court of Human Rights, and they might well win. I am pleased that the Minister is taking this issue seriously, that she met with the all-party group on the Chagos islands and

that she received a delegation consisting of myself and the all-party group secretary, the hon. Member for St. Ives (Andrew George). I am also grateful to her for meeting Oliver Bancoult and a delegation of islanders, in order to understand their position, when they visited this country recently.

The Minister has a choice to make, however. She could argue that the Orders in Council were the right way forward. As a democrat, I object to all Orders in Council, but I object in particular to these ones because they are so blatantly unfair. However, going through the European judicial process would incur yet more legal costs for the Government. It would no doubt cost a great deal of money—even more than the huge legal costs incurred over the past 10 or 15 years of this sad story. Alternatively, she and the Foreign Secretary could recognise that we are simply wrong and that the islanders should not have been removed in the first place—it was immoral and deceitful. They should never have been forced to live in the desperate poverty that they have known in Mauritius. I have been to visit them there and seen the way in which they are forced to survive.

The Minister could then consider the possibility of returning the islanders. Not every islander will want to return. A number have made their homes in this country, as they are entitled and welcome to do. Most live around Crawley. I also think that we should suspend the habitual residence test, so that they can gain benefits as soon as they arrive in this country. It is a very unpleasant anomaly and has caused great misery and hardship. However, a number of them would like to make use of their right of return. The feasibility study needs to be updated, revisited and developed. I suspect that the cost of returning the islanders would be rather less than the total legal cost of pursuing the case—legal costs get awfully expensive, given the legal aid costs and the cost of the court and counsel provided by the Foreign Office.

One could also consider the ecology and sustainability of the islands. In opening this debate, the Committee Chairman correctly pointed out the pristine environmental conditions on the Chagos islands. That is very important—do not underestimate it! The Chagos Conservation Trust has done a great deal of work. One of its proposals is that there should be no settlement on the islands, and that instead, they should be preserved in a pristine national environment and used for research purposes and everything that goes with that.

I understand the argument. At one level it is very seductive, but if we consider it further we come to the old Greek problem of who guards the guards. Someone has to protect the pristine environment from illegal settlers, so people end up living in that environment to protect it from undesirables who wish to live there. Who better to protect the pristine environment than the very people who kept it in that state in the first place: the islanders themselves? It is perfectly possible to have a return to residence on the island, with a sustainable way of life and a very limited degree of visiting rights for eco-tourism and other such things. Fishing licences should be properly controlled and managed to ensure that there is no over-fishing, and that such income goes to the islands themselves rather than anywhere else. Then, we would have to some degree restored our moral standing in the world by accepting that what we did in the 1960s and 1970s was simply wrong.

We have formed an all-party group on the Chagos islands. We have a considerable, all-party membership—as we are obviously required to do—and it is very enthusiastic. Something that brings together both me and the hon. Member for Romford must have some kudos. The group is determined to pursue the issue all the way through.

The UN Human Rights Council has considered the issue, focusing on discrimination, the treatment of indigenous people and the question of international law. On all those reckonings, Britain is on the wrong side in its treatment of the Chagos islanders. Let us let justice be done, allow the islanders to return and recognise that what we did was an historical wrong. If we make the apology, as we frequently do, let us then carry it through by righting the wrong and allowing the return to take place. I thank the Select Committee for having the time and courage to undertake such a study and to welcome the witnesses who gave evidence. I look forward to its continuing to be active and supportive on this issue.

4.22 pm

Bob Russell (Colchester) (LD): It is not only the Chagos islanders who feel betrayed by the Government. I endorse all the points made by the previous speakers, and I congratulate the Foreign Affairs Committee on its excellent report.

I want to concentrate purely on the island of St. Helena, which was under the flag of England before the Union of Scotland and England. The islanders are proud British subjects and I endorse the points made by the hon. Member for Romford (Andrew Rosindell) in that regard. There is a sense of betrayal and disbelief that their Government, after all the promises, should, at a relatively late stage, pull the plug on the airport. As the Chairman of the Select Committee pointed out, the project was agreed in September. Work was due to start when news came through of the pause, which is now more than a pause; it is an exceptionally long delay. It may be more than a delay.

Paragraph 342 of the Overseas Territories report states:

> "We conclude that the building of an airport and related infrastructure on St. Helena could be a significant step towards self-sufficiency for the Territory."

I am chairman of the all-party parliamentary Island of St. Helena group. The patron saint of Colchester is St. Helena—same spelling, different pronunciation. My wife, myself and our three children were all taught at St. Helena school in Colchester. That is the connection. Moreover, I have visited the island, which is more than any Minister has done at any stage in the 450 years that it has been under the Crown of England or Britain. The island was discovered by the Portuguese, but the English, being the English, found it subsequently and thought it would be better off under English and then British jurisdiction.

The islanders are a very proud people. There is a sense of disbelief and outrage at the way in which events have unfolded. The island is one of only three territories that are dependent on British aid. All the evidence points to the fact that the airport would quickly transform the island from being a net recipient of aid to being self-sufficient within a decade. Doing nothing is the Government's option C, and it is a very expensive

[Bob Russell]

option. Incidentally, I hope that the Committee will make a robust response to the consultation, stressing the valid points that have been made.

Although no Minister has ever visited the island, royalty has, as have various Members of Parliament. I find it remarkable that no Minister has thought it necessary to visit St. Helena. After all, Napoleon went there. One of the reasons why an airport would be very popular is that it would attract tourists from France as well as from this country and around the world. It is interesting, therefore, that no British Minister has been there.

It is worth contrasting St. Helena with the Falkland Islands in the south Atlantic. What a great pity that the Argentines did not invade St. Helena at the same time. Since the invasion, hundreds of millions of pounds have been invested in the Falkland Islands, but not in St. Helena. I am bound to observe that the resident population of the Falkland Islands, which is half the number of St. Helena, is predominantly, if not exclusively, white. The population of St. Helena is predominantly non-white. We have economic apartheid by this Government in two islands in the south Atlantic.

Following on from the points made by the hon. Members for Romford and for Thurrock (Andrew Mackinlay) about the laying of wreaths, there are many young people from the island of St. Helena who serve in Her Majesty's armed forces. During the Falklands war, the islanders of St. Helena readily gave up the Royal Mail ship St. Helena, which was the only means of access to their island, so that it could sail to its fellow south Atlantic islands to assist in their liberation.

To the lasting shame of successive Governments, those who served on the RMS St. Helena have been denied the south Atlantic medal on the spurious grounds that the vessel was not in the exclusion zone for long enough. That is not their fault. They volunteered, they went down and were kept out of the exclusion zone. They should have had that medal; they should have had it 25 years ago. It is an absolute disgrace. It is small things such as that which cause outrage. We are talking here of three dozen medals. Surely, for goodness' sake, the British Government can give recognition, even after all these years, to people who went to help the British flag, the British Army, the British people, the British Navy, the British Air Force to liberate British people in the Falklands?

Option C in the consultation document—the do-nothing option—talks about providing alternative means either to keep the Royal Mail ship St. Helena going or chartering separate passenger and freight vessels, which will cost £20 million to £30 million. I am not sure whether that is per year or in total; it is a bit ambiguous. There are contradictions in the document: it states that the airport will cost £300 million or more, yet option A, on the front page, states that the approximate cost will be between £230 million and £260 million in the next five years. Even within this one document, the Government cannot keep to the same financial story.

The cost of subsidy in the next five years will be in the region of £100 million to £125 million. An airport would transform the island not only from being dependent on the British taxpayer so that it would be self-sufficient, but so that it would generate income of anything up to £33 million. The simple sums are that in five years, the island's self-sufficiency would pay for the cost of the airport. We could take the pessimistic view that it could take eight to 10 years, but we would at least have begun to move in the direction of self-sufficiency. None the less, within a maximum of 10 years, the construction of an airport on the island of St. Helena would make it self-sufficient so that it no longer required economic support from the mother country.

Incidentally, there was some confusion in the debate about the number of overseas territories. According to the Committee's report there are 14, but we could include the two dependencies of St. Helena, namely Ascension Island and Tristan da Cunha. I hope that 16 would be the definitive measure.

Over the years, I have developed quite a file of parliamentary questions and reports of debates on the matter. In answer to a question I tabled as recently as 27 March, I was told that in the past 10 years, the total subsidy from the British taxpayer to St. Helena has been nearly £120 million. For the next four or five years, as I indicated, the subsidy will be between £100 and £125 million. One assumes that, over 10 years, that sum will double. What an extraordinary coincidence that the subsidy over 10 years is in the same ballpark as the cost of constructing the airport.

The population of St. Helena—this is borne out in the evidence taken by the Committee—is lopsided. The economic generators—the mums and dads—are departing from the island, leaving their children behind with aunts, uncles or grandparents, while they go and sustain Britain's interests on Ascension Island, in the Falklands or, sometimes, in the UK, because the incomes that can be paid on St. Helena are considerably less. When I went to St. Helena—admittedly, it was 10 years ago—one of the two police sergeants was just about to leave the island to work in the Falklands. He could earn more money as a toilet cleaner there than as a police sergeant on St. Helena. It cannot be right that because people in the Falklands earn far more, the population of St. Helena is made up of the elderly and young.

I will not go into the details of the report because time is pressing, but they are illuminating. I am more than happy to share my file with the Minister—I suspect that it is greater than her briefing because the material in it goes back many years.

The do-nothing option—option C—would create a serious concern about the serviceability of the current RMS St. Helena. The case for the airport is set out clearly in early-day motion 1113. There can be no moral justification for not accepting its argument. Without St. Helena, the British empire in India could not have gone ahead as it did. With the opening of the Suez canal, St. Helena's importance for the Indian subcontinent was no longer paramount, but the island was still crucial for the British empire in Africa. The island has been of more importance and for many more years than the Falkland Islands, which have been important only relatively recently.

If the Government spent on St. Helena just a tiny proportion of the money that they spend on the Falklands, it would transform the island, the population of which are the most deprived loyal British subjects in the world, into self-sufficiency. That could happen within a decade of the airport's being built. Equally importantly, it

would mean that the island's population could be all-embracing in that it would no longer be made up predominantly of the young and elderly.

The Government have betrayed the people of St. Helena. What makes the situation even worse is that, until September, there was a hope and a belief that the Government were genuine, but they broke their word because, they said, of the changing world economic situation. There is no denying that there is a changing economic situation, but the construction of the airport would mean that St. Helena would not be dependent on British overseas aid. The economic argument is powerful and the moral argument is overpowering. I therefore urge the Government to take seriously what the Committee said and to do the right thing. They should build the airport without further delay.

4.37 pm

Jo Swinson (East Dunbartonshire) (LD): I congratulate the Committee on producing such a well researched and well thought through report. It is clearly the product of a significant number of hours in evidence sessions both in Westminster and in far-flung locations in the middle of oceans around the world. I also congratulate the hon. Member for Ilford, South (Mike Gapes) on introducing the debate.

Obviously, almost by definition, the debate has been wide-ranging. This is perhaps the first time that I have seen direct Government action as a result of a Select Committee report. Often Select Committees are influential on the Government and, over time, Governments might eventually adopt some of their recommendations. However, in this case the Government launched an inquiry into the Turks and Caicos Islands within days of the publication of the report, which speaks volumes about the standard of the work and the level of the evidence that was submitted. Even if it has not been acknowledged by the FCO, which could change today, others in House see its value.

The overseas territories are varied and face different challenges. In meetings that I have had with representatives of some of them, I have been struck by how different life is in a small island community, with perhaps only a few thousand other people. Although family life can go on as normal, there are some challenges when it comes to the governance of such small areas—the right hon. Member for Tonbridge and Malling (Sir John Stanley) said that some territories are as small as a council ward. Indeed, the remoteness of many of the territories offers challenges to some of the things that we might take for granted, such as secondary, further or higher education. Rather than going to university a couple of hundred miles from home as people in this country might, people could end up flying halfway round the world. British citizens living in the territories face specific challenges, and it is right that the House should address them.

We have heard a range of excellent speeches from hon. Members of all parties. It is a particular pleasure to follow my hon. Friend the Member for Colchester (Bob Russell), who made a compelling case for the airport to proceed without delay in St. Helena. By an interesting coincidence, St. Helena is the patron saint of Colchester.

As the report is large, I will focus my remarks on a few key issues: Diego Garcia, tax havens, the environment and witness protection. However, a couple of other points have been made. Recommendation 23, which deals with equality of gender and sexual orientation, has been mentioned by various Members. When one reads it, one suddenly thinks, "Hang on a second. These are British territories." One would assume that such basic provisions for equality of gender and sexual orientation exist, so it is staggering to read not only that they do not exist but that there has been some hesitation and reluctance to adopt them, to the extent that in the Caribbean, the Government themselves have had to introduce legislation on equality of sexual orientation. It needs to be addressed as a matter of urgency. As was mentioned in an earlier intervention, it is surely an issue of basic human rights, and the Government have a responsibility to act in their own territory.

Another small but important and symbolic issue, raised in recommendation 15, is the laying of wreaths at the Cenotaph. It seems absolutely nonsensical if a territory wants to lay a wreath that it should not be allowed to do so. We do not want to force them, and if they would rather it is generally done on their behalf, that should be okay, but I fail to see what the problem is and why it cannot be dealt with swiftly by the Government saying, "Yes, absolutely. We will change the procedures, and that will happen from this coming November."

Recommendation 21 relates to freedom of information legislation and encouraging overseas territories to adopt it. I welcome the Committee's recommendation. I am a firm believer in freedom of information legislation. It is good that the Government introduced it. I believe that the legislation introduced in Scotland is superior and enables more accountability, but it is a start. We have already seen it used to create more transparency within Government, which can only be a good thing. I welcome the Government's response, which says that they will encourage overseas territories to adopt such legislation. I welcome the Minister's comments on how and how often that encouragement will take place.

There are two related issues on Diego Garcia. First, on extraordinary rendition, it is right that the report should deplore the use of that UK territory as a refuelling stop for extraordinary renditions and, as reports would have us believe, as a CIA black site for interrogation of suspects. There is significant evidence to suggest that that has occurred. A Council of Europe report concluded in June 2007 that

> "we have received concurring confirmations that United States agencies have used the island territory of Diego Garcia, which is the international legal responsibility of the United Kingdom, in the 'processing' of high-value detainees...the UK Government has readily accepted 'assurances' from US authorities to the contrary, without ever independently or transparently inquiring into the allegations itself, or accounting to the public in a sufficiently thorough manner."

That is quite a damning conclusion. The word "processing" is one of the most appalling euphemisms that I have come across, considering the torture that lies behind it. Clearly, just receiving assurances from the United States is not good enough. It is not good enough for the House or for the constituents whom we represent, particularly when it is viewed in the context of previous assurances from the United States that no extraordinary rendition flights passed through or refuelled in UK territory, when the US said subsequently that they had done so.

Although it is welcome that the Foreign Affairs Committee will be conducting an inquiry into torture complicity allegations—my party has long called for an

[Jo Swinson]

independent inquiry into the matter—a Select Committee inquiry should not be the only thing happening. It should not just be left to a Select Committee. The UK Government themselves ought to be investigating the allegations in detail, not just relying on the US. As we have seen, the US has been seen not to tell us the entire truth about the matter on at least one occasion.

It is good news that the Foreign Secretary has said that he will co-operate fully with the new Foreign Affairs Committee inquiry, as it is regrettable that he refused to appear before the Joint Committee on Human Rights to discuss the issues during its inquiry earlier last year. It will be helpful for him to appear. I am sure that Select Committee members will be robust in their questioning.

In January, the new US President, for whom we all have such hopes, announced plans to close down the black sites that we suspect might be operating on Diego Garcia. It will be interesting to see how that progresses. I hope that the Minister will do all that she can to encourage that process around the world, particularly in UK territories.

The Chagos islanders are the other big, controversial issue on Diego Garcia. This debate has included various eloquent contributions on the matter from my hon. Friend the Member for St. Ives (Andrew George) and from members of the all-party group, the hon. Members for Islington, North (Jeremy Corbyn) and for Romford (Andrew Rosindell). The report says that there is a strong moral case for the return of the islanders. I fail to see how anybody could argue seriously against that moral imperative. The Government have behaved pretty shamefully in the matter.

The great and, sadly, late Robin Cook, when he was Foreign Secretary, promised that he would not appeal the Court of Appeal's decision, but we now find in the report that at least £2 million in taxpayers' money has been spent on appeals. Clearly, the Foreign Office needs to put its hands up, say "We got this wrong" and act accordingly. The reasons why the Chagossians cannot return seem patchy. Security is one of the main reasons given, but the place where they want to settle is about 135 miles from the US naval base. Any boat can pass freely within three miles of Diego Garcia. If someone can moor their yacht there without being seen as a security threat, why are people a threat who just want to return to their homeland and live an ordinary life? I hope that the Minister will have happy news on that issue, but I will not hold my breath for it in this debate.

Financial issues are of huge importance in the territories. The report focuses strongly on money laundering, although a lot of recent political attention has focused on tax avoidance. Our Prime Minister is enjoying grandstanding on financial issues on the international stage, but we need to get our own house in order when it comes to tax avoidance.

The right hon. Member for Tonbridge and Malling put it incredibly well when he pointed out that at the G20, seven British territories were named and shamed in the OECD's list of countries that have not agreed to or implemented its international tax standards. That is an appalling situation, and it should not be tolerated, particularly in some of those territories where the UK is directly responsible for financial regulation. In some territories there is absolutely no barrier to reform, as the Government are in a position to implement it, and in other areas, pressure must be applied to ensure that we live up to international standards. The allegations in the report that the FCO was being complacent are supported by evidence. If several of our territories are still on the grey list, the action that is required has certainly not been taken.

It is important for the FCO, in collaboration with the Governors of the territories, to consider how to develop their economies in other ways. We must recognise that the revenue and income from financial services has formed a large part of the economy in many territories. Moving away from tax avoidance would have an impact on their economies. Support will therefore be needed to develop economic avenues that are less shady and internationally embarrassing.

In its report, the Foreign Affairs Committee considered reports from the Environmental Audit Committee, on which I serve. I am pleased that it agreed with the recommendations of our two reports on biodiversity and the environmental legacy and resources of flora and fauna in the territories. Many of the territories are remote places with unique and fragile ecosystems. Since the report was published, the Environmental Audit Committee has published a further report on biodiversity. Unfortunately, our record and our progress are not much better in ensuring that the biodiversity in those areas is not lost at an alarming rate. There are many endangered species to be considered. This is therefore an issue of great concern.

The Government response helpfully stated that there is an interdepartmental ministerial group on biodiversity. When the Environmental Audit Committee considered the issue, it appeared that that group did not have a great track record for meeting or acting. The response said that the next meeting of that group would

"look into the feasibility of carrying out a full strategic assessment of the needs of the Territories."

Will the Minister update us on that, given that the Government response was published in September 2008? Presumably that meeting has taken place. The feasibility study or the strategic assessment might be well under way.

Finally, I turn to witness protection and the Turks and Caicos Islands. It was stunning to hear the tales of Select Committee members receiving evidence from people who were too scared to put their name to what they were saying about corruption. The Leader of the Opposition in the TCI spoke of a

"general atmosphere of fear and intimidation".

That is clearly unacceptable. The Committee is to be commended for securing the evidence and for treating people in a sensitive and confidential manner. That is not an environment that we want to see continue. The Government have acted on the issues in the TCI, but the wider issue of witness protection has been raised. I understand that some territories in the Caribbean are working together on a justice protection Bill to give effect to an inter-territory witness protection scheme. What progress has been made on that?

The report exemplifies the fact that the work of Select Committees is a vital part of what happens in the House. It is important to the scrutiny of Government and to the quality of debate. It ensures that hon. Members are well informed. Witnesses, in particular British citizens,

must therefore be free to talk openly and honestly to Members of Parliament. Without such frank evidence, Select Committees cannot continue to function in the way that they do. That is an appropriate point to end on and I hope that the Government will point to some progress on ensuring that this situation will not arise again.

4.54 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): It is a great privilege to serve under your chairmanship, Mr. Bercow.

I too congratulate the Chairman of the Select Committee and its members on their work. In particular, I congratulate them on their work on the Turks and Caicos Islands. It is rare that a Select Committee report shows an immediate cause and effect. A number of us fear that all too often, Select Committee reports come under the "so what?" category. From my experience of working in Whitehall 20 years ago, the dear old Minister of Defence was only ever frightened of one parliamentary Committee. That was the Public Accounts Committee because it had the National Audit Office at its disposal to break in and enter. Of course, the Treasury finally got the PAC reports and found out that the Minister of Defence had perhaps not been telling the whole truth and nothing but the truth. The Foreign Affairs Committee is to be congratulated.

I endorse the view of the Chairman of the Select Committee that it is easy for journalists and others to criticise overseas trips. The Foreign Affairs Committee certainly has a greater right to them than others. There are colleagues who could be described as members of the all-party surf and sand group because they sometimes go overseas for reasons that are not well defended. However, in this case there is a definite example of how a Select Committee, by going out into the field, obtained the necessary evidence. It not only brought to light widespread corruption and intimidation, but enabled the Foreign Office to carry out its duties.

It is regrettable that we are only now debating a report and departmental reply from last September. The advantage is that we have come up to date in the cases of the Turks and Caicos Islands and the Chagossians. I will touch briefly on three or four substantial issues that have emerged not only from the report, but from the contributions of hon. Members in this debate.

In 1999 the Government introduced the White Paper, "Partnership for Progress and Prosperity" on overseas territories. I had concluded before the debate and am now convinced that there should be another White Paper on this issue, whether under this Government or the next in a year's time. From the report and from issues that have been raised today, it is clear that we need a reassessment of the relationship between the British Government and the overseas territories. There must be a strategic vision.

My right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) put his finger on an important point when he spoke of the section of the Foreign Office that deals with overseas territories. One has to be sensitive because one is referring to officials who put as much time and work as they can into dealing with the issue. There is no doubt in my mind or in the minds of others that the section of the Foreign Office that deals with overseas territories does not immediately attract the young, ambitious thrusters. I may be wrong, but I suspect that Sir Nigel Sheinwald was never involved in overseas territories. He will have shimmered through other so-called more important issues.

However, any of us who study history—particularly the history of the Foreign Office—know that areas that are regarded as backwaters sometimes become very important. I suspect that the poor devil in the Foreign Office in the early 1920s who was dealing with Czechoslovakia and who was told that it was not an area that would be important was much in demand circa 1937-38. My serious question for the Minister is, how many officials in the Foreign Office are dealing with overseas territories? I suspect that it is an enabling section, which has to call on the advice, support and expertise of other Departments. This is an important issue and I am interested to know the answer.

That issue leads to another that the Committee raised in its report, which has been raised by at least one hon. Member today—the crucial relationship between the Governors of overseas territories and the people being governed. We all know that, historically, Governors of colonies on overseas territories tended to be selected by a set of criteria that would now be regarded as quaint. It was a way of getting rid of people, telling them to go off and govern New South Wales. Until the 1960s, if the Whips wanted a safe seat, they could hold out as a prospect to Sir Humphrey Bumble the idea that he could go off and govern somewhere very pleasant in the world. This issue was touched on in the report, and we like to think that things have changed since those days, but will the Minister outline in some detail the way in which Governors' posts are advertised, and what criteria, in terms of characteristics and knowledge, the Foreign Office and individual territories look for?

Will the Minister also tell us about the remit that is now given to Governors? I suspect that it is easy to parody those individuals, but they have to perform a difficult balancing act. They must balance the responsibilities of Whitehall against the responsibilities to the territories of which they are Governors. There is no doubt about what the Select Committee has drawn out, particularly in relation to the Turks and Caicos Islands. Governors may, at the end of the day, have been unable to act at all, because of the double constraint of the pressure brought upon them by living within that territory and the kind of benign neglect that came from Whitehall saying, "We hear what you say, but we don't want to hear what you say."

There is another irony to this matter, which has been touched on by the hon. Member for Thurrock (Andrew Mackinlay) and my hon. Friend the Member for Romford (Andrew Rosindell). We are debating this constitutional representation, which is a very important aspect of the Select Committee report, as British MPs in the House of Commons, but just beyond the green rope in the Chamber are at least some members of the overseas territories who are privileged to come and listen to our debate and to the great people here, in the sort of king-emperor's Parliament, who decide their fate. One serious point that was raised by a number of hon. Members was the question whether there should be some representation from the overseas territories directly in the House of Commons. There are all kinds of anomalies to that. My hon. Friend the Member for Romford has a powerful interest in Gibraltar, where the

[Mr. Keith Simpson]

citizens can now participate in the European elections, so they have a direct link there. That was a classically, wonderfully British compromise. We need to consider that question. I am open-minded on the matter because my conversations with representatives of the overseas territories have not convinced me that they would all be enthusiastic about having a Member of Parliament here, because the House of Commons could then take a direct interest in their territories, and, indeed, might interfere in them. Some of them, at least, might not be terribly enthusiastic about that.

Andrew Mackinlay: Let me make two points. First, giving the people of Gibraltar a vote at the European elections was not a typical British compromise; it was resisted and opposed by the man who is now the Secretary of State for Justice, who said it would not be done, but he was taken to court by a voter in Gibraltar who won, and beat the British Government.

Secondly, I have never suggested that there should be a Member of Parliament for the overseas territories. This is about access. I used as a parallel the Congress of the United States; the representatives who go to Congress from Guam, the American Virgin Islands and American Samoa have the title "delegate". They are basically non-voting Members, but they can stand up and shout "Foul!" when appropriate, and they can have the normal dialogue and intercourse with other honourable Members. That is what is necessary—not the ability to vote on Essex or Ludlow or Scotland.

Mr. Simpson: I thank the hon. Gentleman for that intervention. When I said that it was a typically British compromise, I was perhaps trying to hide the blushes of the Secretary of State for Justice, but of course the hon. Gentleman would never hide his blushes.

The hon. Gentleman's second point, about the different perms that we could have, is something that we need to consider. Indeed, we need to hear the views of the overseas territories, as they will not have a unified view on that.

My next point is about what was widespread corruption in the Turks and Caicos Islands, and about the issues that hon. Members have identified about the G20 demand that pressure should be brought to bear on tax havens, and about the letter written by the Prime Minister. I urge the Minister to throw some light on that, if at all possible, because it seems strange, to say the least, that we have a list identifying seven overseas territories that are on the OECD blacklist, the finances of one of which are directly administered by the Treasury. I will restrain myself from making any party political points about the Treasury's inability to come up with any accurate figures to do with the Budget—oh, I have not restrained myself, but I know that hon. Members will know what I mean. This is a very serious issue indeed and it has to be gripped, not only because the Government and Parliament are responsible, but because, whether they like it or not, the overseas territories have to realise that it is not in their interests to appear on such a blacklist. If the overseas territories department at the Foreign Office is not responsible for this issue, then it will have to be the Treasury's responsibility. As a consequence of this debate, the Select Committee on the Treasury might want to consider this issue.

On corruption within the Turks and Caicos Islands, and the suggestions that there could be corruption elsewhere, we know that from the 1950s onwards in Hong Kong there was widespread, systematic corruption on a vast scale, particularly within the police. It was only after the establishment of a permanent corruption commission, which was given enormous powers, that the corruption was rooted out. I am not suggesting necessarily that we should establish corruption commissions within individual territories such as the Turks and Caicos Islands, but perhaps the Foreign Office should think about having an establishment in Whitehall that is able to root out that kind of corruption. I merely float that as an idea, but it should be borne in mind.

I want to give the Minister time to respond, so I shall move to the final issue that I want to raise. On the Chagos islands, as several hon. Members have said, we find absolutely incredible today what happened there only 40-odd years ago, in which successive Governments colluded—particularly the treatment of those people who were literally dumped in Mauritius. Other peoples have been evacuated in the past, as I found out when I went to Gibraltar. As a military historian, I am ashamed to say that I did not know that large numbers of Gibraltarians were forcibly evacuated during the second world war. Indeed, Miss Gibraltar 1999, who was showing me around, said that her parents had experienced the blitz. They had been put in one-star hotels in South Kensington, and had endured the blitz, whereas many others had gone to the Canary Islands. However, at least those people were brought back at the end of the war and received some form of compensation.

There is no doubt that there is a moral imperative, but there is also a political problem that we cannot shy away from. Perhaps the Minister will be able to resolve this issue. I suspect that the British Government's change of mind relates directly to 9/11 and the war in Afghanistan. They might be legally locked into the situation, but that should not mean that they do not take into account what I suspect is the all-party view that the rights of the Chagossian people should be recognised, and that there should at the very least be a timetable for the return of those people at least to the outer islands, if not the inner islands. The Foreign Office should recognise that the House of Commons feels very strongly on that.

I praise the Committee's report. This Government or the next Government, which I hope will be Conservative, should look again at the strategic policy of our relationship with the overseas territories. That should be done in 2010—perhaps after the next general election—when we should establish a new relationship and strategic vision.

5.10 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I thank the Chairman of the Committee, my hon. Friend the Member for Ilford, South (Mike Gapes), and its members for giving life to the debate. There is no doubt that the Committee's report is a substantial piece of work. As we have heard, it certainly contains many important and wide-ranging recommendations, for which we are grateful. Of course, in large part, we agree with many of the recommendations.

I am glad to have the opportunity to take part in a debate that has been interesting and has covered many subjects. I put it on the record that I am more than glad—indeed, I am proud—to be the Minister responsible for overseas territories. As right hon. and hon. Members have acknowledged, I know that the overseas territories are important and deserve our full attention. That is why I am glad not only to carry out my ministerial role, in which I am supported well by officials in the Department, but to have this debate today.

Before I tackle the points made, I shall mention some general and important matters. First, our overall relationship with the territories is, of course, enshrined in each territory's constitution. That relationship was set out in the 1999 White Paper, "Partnership for Progress and Prosperity". The Government are committed to the future development of the territories and their continued security for as long as they choose to retain the link between the United Kingdom and themselves.

It is right that territory Governments should take the majority of decisions in the territories because that is the nature of the modern relationship. However, it is also true that we expect and demand the highest standards of governance in return. Many territories have made great strides in their development, and much has been achieved since the 1999 White Paper. As we have discussed today, it is also true that other territories fail to meet their obligations and responsibilities. Where that is the case, the Government will intervene, as we have demonstrated in the Turks and Caicos Islands.

My experience is that our relationship with the territories is what I would call open and frank. Both sides can, and do, express their views freely. That was demonstrated clearly to me on my recent visit to the British Virgin Islands, when I chaired the Overseas Territories Consultative Council in October last year, and met territory leaders for the first time. I and all those present felt that the meeting had been successful, and we agreed to work together on a number of issues, many of which have been raised today.

One important outcome was the agreement that, at this year's Overseas Territories Consultative Council, we should include a forum to discuss the 1999 White Paper now that we are 10 years on. The aim of that forum will be to examine progress and to discuss what remains to be done and how to take forward the White Paper agenda. I shall be glad to keep the Committee informed of those developments. I recognise that the UK's OT relationship needs improvement. You will have noticed, Mr. Bercow—as have I—that many of the contributions have been about those matters in one form or another. I have listened closely to the debate, and I am sure that right hon. and hon. Members will welcome the further discussions with the overseas territories that I intend to take forward.

Since the Government's response to the report was published in September, I am pleased to report to hon. Members that there has been progress in a number of areas. I shall put on the record a few examples. A new constitution came into force in the Falkland Islands on 1 January. That reiterated the UK's commitment to the islanders' right to self-determination and to enhancing local democracy, transparency and accountability. A new constitution for the Cayman Islands will be put to a public referendum on 20 May.

In a document that came into force on 1 April this year, the Foreign and Commonwealth Office and the Ministry of Defence agreed new terms, conditions and fares for the use of the south Atlantic air bridge by civilians flying to and from the Falklands and Ascension Islands. It is an improved service that includes two flights a week, more seats and a premium economy service. The cost of that has been mentioned and right hon. and hon. Members will be aware that both the National Audit Office and the Select Committee on Public Accounts recommended that the Falkland Islands Government should take a greater share of the risk and cost.

Elections for an islands council on Ascension Island were successfully held in October and a new council was sworn in by the Governor on 27 October. Since then, councillors have been working actively with the Governor and administrator on a number of priority issues. Recently, I attended the first ever joint session of the Antarctic Treaty Consultative Meeting and the Arctic Council in Washington. At that meeting, we adopted two declarations relating to the international polar year and the 50th anniversary of the Antarctic treaty. We also reaffirmed the consultative parties' continued commitment to the objectives and purposes of the Antarctic treaty system.

Jeremy Corbyn: Will the Minister confirm that no proposal was made by any party to undertake mineral exploration in the Antarctic and that the principles of retaining the Antarctic as a zone of peaceful scientific research remain? Will she also confirm that we are adhering fully to the environmental protocol?

Gillian Merron: My hon. Friend is right—indeed, that is contained within the Antarctic treaty. Much of the discussion was about the very strengths that he has just mentioned. The treaty was based on putting sovereignty claims aside; it was about peace and science, and it retains that position. We re-committed ourselves to that, so there is no change in relation to the matters about which he inquires.

The last example of development that I want to mention is that the Government of Bermuda opened a London office for the first time in February. That is fitting because Bermuda celebrates its 400th anniversary this year.

I shall now turn to the specific points made, which have been many and various. On the Turks and Caicos Islands, from the outset, I would like to say that there have indeed been concerns for many years about poor governance. The Blom-Cooper inquiry in 1986 into allegations of arson and corruption led to the suspension of ministerial government in Turks and Caicos for some two years. It is also true that rumours of corruption continued. Successive Governors have said that anyone with concerns about corruption will need to provide evidence. In 2006, a previous police investigation failed due to lack of evidence.

I have listened closely—not only today, but on other occasions—to the concerns that Committee members have raised. Let me also clearly put on the record that without any doubt the Committee itself played a key role in uncovering and bringing to the Government's further attention deeply worrying information relating to the TCI. I commend the Committee's energy, dedication and commitment in that regard. I pay particular tribute

[Gillian Merron]

to the right hon. and hon. Members who visited the TCI in pursuit of that matter. I continue to be grateful for the efforts, insights and attention given to what is undoubtedly a difficult problem.

As mentioned, we all know that on 10 July last year, after careful and detailed deliberation, the then Governor appointed a commission of inquiry. We await its final report, which is expected in May. Questions have been asked about the delay and extension of the date for the final report. Sir Robin Auld has asked for the extension because of the work generated by what is called a Salmon letter exercise. The purpose of such letters is to give recipients an opportunity to make representations to the commission before it makes it final findings and recommendations. The reality is that there are recipients who have failed to meet the extended deadlines set by the commission of inquiry.

I can confirm to hon. Members that, unless the commission's final report significantly changes our current assessment of the situation in the TCI, we will act to deal with the problems and restore the principles of good governance to the islands. That intervention is, of course, for an interim period only. In the current climate of financial uncertainty and vulnerability, it is vital that the Turks and Caicos Islands establish, adhere to and promote principles of good governance to restore their international reputation.

Let us also be clear that the Turks and Caicos Islands Government, not the UK Government, are responsible for the present crisis, but, ultimately—I am sure that we all share this view—the Turks and Caicos islanders will want to see the right solutions found to the challenges that they face. In all our actions, it is the interests of those islanders that is uppermost in our minds, and that will continue to be the case.

Mike Gapes: I am pleased that the FCO has given such a public thank you to our Committee for the work that we did in bringing these matters to a head. Given that the final report was delayed in November until April, and now until the end of May, does the Minister accept that it is important that delays do not continue indefinitely? Clearly, there could be great difficulties on the Turks and Caicos Islands if there is a long interregnum before the final decision on the Order in Council coming into effect?

Gillian Merron: My hon. Friend is right. I am sure that right hon. and hon. Members will understand that the extensions were given purely to ensure that the work is done and not for any other reason; but of course, we need to draw the matter to whatever is the appropriate close.

The right hon. Member for Tonbridge and Malling (Sir John Stanley) raised several general points which I want to address about the reaction of the FCO to problems on Turks and Caicos Islands, the Pitcairn Islands and so on. I can give reassurance on several points. We have instructed Governors to review the Turks and Caicos Islands commission interim report and to ensure a thorough assessment of any systematic controls that need improvement in their territory. From my discussions with representatives of the territories, I am in no doubt about how exercised they themselves are about the report on Turks and Caicos Islands, because they wish to keep their reputation. I hope that we can use the report to great benefit across the overseas territories.

We have also revised the requirements on those being appointed to governorship to ensure that they have the right capabilities for the job and that they are clear about their responsibilities for good governance. We have also made it clear—I hope that this will be welcome—that Governors who raise concerns about good governance will have support from the FCO. I speak from my experience of giving that assurance to the British Virgin Islands.

The hon. Member for Mid-Norfolk (Mr. Simpson) asked about the appointment of Governors. They are appointed by the No. 1 personnel board of the FCO, which is chaired by the permanent under-secretary. I can advise him that no ex-politicians are Governors. Indeed, there is diversity, and they are now recruited from beyond the FCO. As was reported to the Select Committee, all Governor positions are advertised to all members of the diplomatic service and home civil service through the civil service recruitment gateway, and they are also open to employees of non-departmental Government bodies.

On St. Helena, I would say to the hon. Member for Colchester (Bob Russell) that the announcement of a pause in negotiations over the airport was a blow to many, and I understand that. Unfortunately, as has been acknowledged, no territory is immune from the effects of the current economic crisis. There must be consideration about whether building an airport in times such as these is the most appropriate choice, particularly as we find ourselves not just in these times but in somewhat rapidly changing circumstances.

Bob Russell: Could the Minister say who pulled the plug? Was it the Foreign Office, the Department for International Development or the Treasury? Will she confirm that the Government's own sums state clearly that within a decade the capital cost of the airport would turn the island's economy around, so that it no longer required any economic support from the United Kingdom?

Gillian Merron: As the hon. Gentleman knows, DFID is responsible for the matter; but of course, it crosses several Departments. Like me, he will have seen the DFID consultation document, to which contributions are invited until 31 July. I strongly urge him—I am sure that he has done or is doing this—and anyone else who has an interest in the matter, to participate and make their views known. I openly discussed that with the representatives of the overseas territories when they met me in London.

I reaffirm the Government's commitment to ensuring access to and from St. Helena, and we will not contemplate a lesser service than that provided by RMS St. Helena.

I wish to turn to the British Indian Ocean Territory and put on the record once again—I am glad to do this—that we deeply regret the forced resettlement of Chagossians and the hardship that resulted from it. The Foreign Secretary said:

"We do not seek to justify those actions and do not seek to excuse the conduct of an earlier generation."

However, the truth is that we have to look forward. I have said many times in meetings with interested parties that we cannot turn the clock back. As hon. Members have said, an application to the European Court of Human Rights has been communicated to the Government, and we will respond to it.

I continue to keep in touch with the many communities. In addition to the meetings referred to by my hon. Friend the Member for Islington, North (Jeremy Corbyn), I have also visited the community in Crawley at the invitation of my hon. Friend the Member for Crawley (Laura Moffatt) and the Diego Garcian Society, and the FCO will continue to organise and fund visits to the territory by Chagossians. We have received several further requests in that regard. However, the reality is that following the judgment of the Law Lords, our policy will remain that no one has the right of abode in the territory or the right to enter it unless authorised. Our reasons are well rehearsed. I accept that they are not well received by several hon. Members in the debate, but they include reference to defence and security and to the reality and feasibility of resettlement.

Jeremy Corbyn: When does the Minister expect there to be a response to the European Court of Human Rights request?

Gillian Merron: I am afraid that I cannot answer that, but I am happy to keep my hon. Friend informed, as I am able.

On finances, the G20 leaders agreed on the need to tackle tax havens and to stand ready to deploy counter-measures against jurisdictions that do not meet the international standard on the exchange of information. All the territories committed several years ago to meeting the standard, and we welcome the progress made by Bermuda, Gibraltar, the Cayman Islands and the British Virgin Islands in signing, or agreeing to sign in the near future, new tax information exchange agreements with EU and OECD member states that will count towards meeting the international standard.

The list that has been referred to in the debate shows in a factual way the extent to which jurisdictions meet the standard on exchange. Indeed, the Prime Minister wrote to territories following the London summit, welcomed the fact of their commitment and encouraged them to meet the standard. To advise hon. Members who made the inquiry, no replies have yet been received to the Prime Minister's letters, but I am conscious of the importance of meeting the standard to avoid sanctions being taken by the G20. The Government are looking at how we can support the overseas territories—for example, we are funding three-year public sector reform projects across the territories through the National School of Government. Work is in progress.

Andrew Mackinlay: Will the Minister give way?

Gillian Merron: I am afraid that I will not, as I am just drawing my comments to a close.

The Government are committed to working closely with the overseas territories to ensure security and good governance. I thank right hon. and hon. Members who are here today, and in particular you, Mr. Bercow. I thank members of the Foreign Affairs Committee for their continued interest in and support of the territories, and I look forward to continuing our work in this regard.

Question put and agreed to.

5.29 pm

Sitting adjourned.

Westminster Hall

Tuesday 28 April 2009

[MRS. JOAN HUMBLE *in the Chair*]

Electricity (Scotland)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mark Tami.)*

9.30 am

Gordon Banks (Ochil and South Perthshire) (Lab): It is a great pleasure to debate this important issue under your guidance, Mrs. Humble.

Scotland has a proud history of energy production and of extracting the raw materials to make that production possible. Today, however—I say this from, dare I say it, a traditional viewpoint—the deep mines are all closed and we are left with open-cast and North sea oil. However, the challenges that we face have not diminished; indeed, they have grown.

Over recent years, we have all become attuned to the need for clean renewable energy, but I am very concerned that the major political parties have embraced that need too late. For too long, clean renewable energy was on the periphery of the UK's objectives and, sadly, on the periphery of mainstream politics. As we all know, things are very different today, but we are still running to catch up and to get where we might have been if the concept had been incorporated into mainstream politics 10 or 20 years earlier.

I want to spend a few minutes on each of our generating opportunities, before talking a little about consumption. Scotland must have a diverse energy mix, because that will deliver jobs, investment and energy security, as well as tackling climate change. Never in living memory have jobs and investment been more important, and to deliver on them successfully, we must have diversity.

The current recession has shown us the dangers of a lack of diversity, and that applies not only to the financial sector. Our dependency on oil and gas had a major effect on energy price rises last year and could cause similar problems in the future if we fail to get our act together. The diversity that we need will bring about investment over a range of generating options and bring growth in jobs, which one sector alone cannot deliver in the same volume. With gas and even oil coming from potentially increasingly unstable areas, we must have cross-sector investment. With investment and job growth, we will deliver energy security to the UK economy.

Another lesson that we should learn from the recession is that there is, and will be, a range of pressures on UK businesses. We cannot allow rising energy prices to have a detrimental impact on our businesses, when we could take action to avoid such pressures. If pressures are allowed to develop, they will make our businesses uncompetitive and, as sure as night follows day, result in reduced investment and the loss of jobs.

It is also important for the domestic consumer that we can provide options that result in steady and affordable energy prices. We know only too well the impact of last year's rising electricity and gas prices, which were caused by escalating oil prices on the international markets. That was outwith the control of our Government and, indeed, of any Government. That in itself tells us that we cannot be dependent on a single source for our energy output and that we must have a balanced mix. To achieve that, we must take positive action. We need to keep the lights on, but we need to do it in a way that delivers economic security, jobs, investment, stable pricing and energy security.

North sea oil will remain an important but, sadly, declining contributor to our energy mix in the coming years. Oil and gas are responsible for 23 per cent. of Scotland's energy mix, but that will decline as oil plants are closed by 2016 in line with the European large combustion plant directive. Recognising that oil and gas still have a future, however, the Chancellor committed only last week to increasing the incentives to explore and extract from the North sea. He introduced incentives to encourage smaller fields to be brought into production, and those fields could deliver about 2 billion barrels of oil and gas that would otherwise have remained in place. Indeed, this is not the first Budget to offer such incentives. North sea oil has contributed to jobs, investment and energy security in the past, and it can play a role in promoting them in the future. For several reasons, however, it cannot do that alone and, indeed, it probably cannot even be the biggest contributor.

Coal makes up 25 per cent. of our energy mix, and many would argue that too little of that volume is made up of output from Scotland. The country has a long history of coal mining, and many of my relatives, including my father and grandfather, have paid the ultimate price for that tradition. Mining illnesses have claimed many lives, including that of my father, and disasters such as the Valleyfield disaster of 1939, in which my grandfather was killed, are, sadly, a reminder of the dangers of such employment. However, mines in my constituency at Clackmannan, Dollar, Fishcross, Castlebridge and nearby Manor Powis and Solsgirth have fed many a family for many a year. As difficult, challenging and dangerous as deep mining may appear to us, many people in my constituency would willingly resume working in a deep mine tomorrow if they were given the opportunity.

As an honorary Bevin boy, it would be remiss of me, while on the issue of coal mines, not to acknowledge the role played by those conscript miners during world war two. However, to return to the current day and, indeed, to look to the future, recent newspaper reports suggest that there is some possibility of Longannet—the last deep mine in Scotland to close—reopening at some point in the future, despite reports of flooding. Flooding led to closure in 2001, but that is another matter altogether.

The one thing that could provide a real future for coal is carbon capture. The carbon capture and storage project is a real opportunity for traditional fuels to be used as part of the energy mix. CCS will provide an opportunity to extract and burn the millions of tonnes of coal believed to be in Scotland in a clean and modern way, while providing jobs, investment and energy security. We may need to watch this space, but perhaps my hon. Friend the Minister can say a little more about the issue in her reply.

I am a supporter of what we might call renewables—wind and water in their various guises. Renewables account for about 14 per cent. of our energy mix, and that needs

[Gordon Banks]

to rise. A Europe-wide target of 20 per cent. renewables by 2020 is to be encouraged, and the UK's legally binding 34 per cent. reduction in carbon emissions by the same date maintains our position as a world leader in the fight against climate change. However, the UK and Scottish Executive emissions targets of an 80 per cent. reduction by 2050 will come about only with the delivery of a mix of generation, technology and continuous political will.

The commitment by the Department of Energy and Climate Change to 33 GW of onshore and offshore renewables by 2020 will grow the renewables sector, but it is also required to replace the 25 to 30 GW of conventional generation capacity that will be phased out by a similar date. Last week's Budget provided more than £1.4 billion of extra targeted support for the low-carbon sector, on top of the measures announced last autumn. That means that £10.4 billion of additional investment will be pumped into the low-carbon and energy sectors over the next three years.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Was the hon. Gentleman able to identify anything in last week's Budget that would assist the development of tidal stream and wave power generation, as distinct from offshore wind generation?

Gordon Banks: If the hon. Gentleman is a little patient, I will come to that in a moment or two.

However, renewables cannot do it all alone. By 2025, Scotland will need to replace all its non-renewable generation capacity, which currently provides 68 per cent. of our output. If that gap is not plugged, Scotland will become a net importer of energy, in contrast to its current position.

There is also planning. Before everybody jumps to their feet, I should say that I am talking about planning not for nuclear—I will come to that later—but for wind farms. There is a history, in the short existence of wind farm applications, of planning procedures being extended, and many applications ending up with the Scottish Executive on appeal. I do not advocate the blanket approval of such applications, just because they happen to be for wind farms. Some applications will be sound, and others not. However, the trend has been an extension in the time taken for determination. My constituency is situated in one of the major wind corridors in the country, and I fully understand that there must be a balanced approach, but, from the perspective of the renewables sector, the planning system has not delivered renewable options at the pace that many would have wanted. That reduces the likelihood of our having a credible renewables sector as an alternative towards a nuclear generating base.

Mr. Mike Weir (Angus) (SNP): I accept what the hon. Gentleman has said about the planning system, which has long been a bane in many such matters, but does he accept that the Scottish Government's new planning framework will go some way towards dealing with some of the problems?

Gordon Banks: There is no doubt that action has been needed, and perhaps is being taken, to quicken things. However, there is still a significant backlog in the pipework that needs to be worked through, not least in my constituency.

Mr. Carmichael: I am not quite clear what the hon. Gentleman is telling the Chamber. Does he think that the planning system itself is flawed and in need of improvement, or merely that there is a backlog that needs clearing but that there is no need for structural change to the system?

Gordon Banks: I am saying that the planning system to date has created a backlog, which has reduced the potential capability of onshore wind production. That has been a significant disappointment to the energy generators. There are steps that have been taken, and can and will be taken, to work those applications through the system, and in time they will go through the system, but because the industry has recognised that the decision-making process is not swift or clear, multiple applications have been made to test certain areas, even when it is likely that there is a favourable location elsewhere. That has happened because the process is so unpredictable and takes so long. We need a quicker and clearer decision-making process, so that the good onshore renewable facilities can be given the go-ahead more quickly than has happened in the past. That is not, I think, difficult to understand—I do not mean to be flippant. We need the people who have the challenge of taking the decisions to take those decisions. It comes down to the individual decision-making process in each of our local authorities.

I am a recent convert to nuclear—perhaps "convert" is too strong a word, but realism has kicked in. I have long had concerns about the safety and storage of nuclear waste, and on that basis I would prefer my electricity to be generated in some other manner that might be classified as safer, but I always said that if I were to become convinced that the lights were in danger of going out, I would see the sense of nuclear. That day has arrived—we do not have much of an option.

A new generation of 11 nuclear power plants is being planned for England and Wales. It will deliver a growing level of energy security and carbon output reductions, and it will involve the investment of £3 billion in every new plant. There are areas of Scotland that have a nuclear history and whose economies have been and are now being supported by that investment. The question is whether Scotland should be deprived of that level of investment and in turn fail to play its full part in future UK energy production. In the past, investment has had multiple benefits, bringing jobs and economic security, reducing carbon output, managing costs and delivering a level of energy security. Perhaps the Minister will comment on whether she feels that Scotland should be deprived of such investment and goals in the future.

I do not doubt there are risks with nuclear generation—there are risks in everything that we do—but there are risks without it, too. It is a balance of those risks that needs to be accepted by everyone today. There is a real worry that the Scottish Executive, using their control over planning laws, will restrict and influence the energy policy of the UK in a way that could damage Scotland, and indeed the UK, on many fronts. Perhaps my hon. Friend the Minister will comment on that.

John Robertson (Glasgow, North-West) (Lab): Does my hon. Friend agree that it is outrageous that any Government can use an obscure planning rule to stop something in an area that wants to receive billions of pounds of investment in a new power station and which is already a nuclear power station area, when there is a company that wants to spend the money—not Government money, but its money—and increase our contribution to the national grid?

Gordon Banks: It is something that I find difficult to grasp and have significant discomfort with, because a peripheral ability is having an impact on not only investment and jobs in the area but energy policy throughout the UK.

Mr. Weir: Does the hon. Gentleman see a slight contradiction in his argument? He argues that there should be changes for wind farms, but that nuclear is different. The Scottish Government are entitled to exercise their power under the electricity and planning legislation. Does he not see the contradiction?

Gordon Banks: No I do not, because what I have been saying about onshore wind generation is that the process has been too slow. I did not comment on whether the decisions have been right; I just said that the decision-making process has been too slow. My argument about nuclear and its impact on our energy policy is that, as I have said, we do not have an option. The point about the planning system and renewables is the time taken; the point about nuclear is not the time but the fact that a decision can be taken that will affect the energy policy, economic stability and energy security of the UK as a whole.

The 38 per cent. of electricity generation that nuclear is responsible for in Scotland cannot, no matter with what good intentions, be replaced in time by renewables. Indeed, the growing amount of renewables demands a significant amount of responsive back-up. If Scotland is to have a level of energy security in the future, play its full role as an energy provider in the UK and embrace investment and job opportunities, I do not see how current nuclear technology can be ignored.

The more diverse the sources of our energy production, the greater the challenges that will be placed on the grid infrastructure. The transmission access review carried out by Ofgem and the Department for Business, Enterprise and Regulatory Reform will support the more cost-effective and faster connection of renewables to the grid, but the fact that challenges remain can be demonstrated in the process involving the Beauly to Denny transmission line, which may have a negative impact on parts of my constituency. In addition, we must ensure that the distribution networks in our towns and cities are not subject to continued failure and breakdown. In my constituency in Alloa, there is sadly a history of supply breakdown. The last batch of multiple failures took place just days before Christmas, resulting in significant loss to retailers and businesses and disruption to domestic customers. I hope that Ofgem's review of the compensation process and the interim report due in July will recognise that the current system fails in certain circumstances. Our network maintenance providers must be given the ability to recompense end users in a way commensurate with the frequency and impact of system failures. To do otherwise is grossly unfair.

Of course, generation demands are relevant to our consumption. We all want the lights to work when we turn on the switch, and we want to pay as low a cost as possible for that service. Last year—and even today—I received complaints about energy prices and I want to take every step possible to have those costs reduced for domestic and business users. Our industry has done a lot to reduce energy consumption in respect of the climate change levy, but we must be able to offer competitive prices for the worldwide market. We have learned that lesson in recent months, if indeed we needed to learn it at all.

Where there are built-in options, business can chop and change its consumption from gas to electricity to oil, but domestic consumers do not have that choice. We must try to ensure that energy costs for domestic end users are as low as possible, and that means having modern, efficient generating facilities. Through social policy, the Government can and do deliver targeted help to those most in need, such as the winter fuel allowance for pensioners. We must work hand in hand with that to improve the insulation of our existing housing stock. That will reduce consumption and benefit both individuals and the environment.

The biggest challenge is with our historical stock. New houses are being built to ever increasing energy efficiency demands, but we can and must go further. When I first entered the house building sector in 1974, the insulation requirements were laughable compared with today, and those houses, and others built decades and centuries ago, are our biggest consumption challenge. We must also see falls in energy market prices passed on to consumers, and I call on energy companies to make clear their forward plans for price reductions as a result of falling world demand and a reduction in raw material costs.

The problems identified in the Ofgem probe into energy retail markets must be addressed quickly, and I urge the Government to take action if the industry and Ofgem are unable or too slow to do so. Increased costs for power card users are not acceptable, and we must look beyond the tariffs to see all related charges. If legislation is required to rectify that wrong, I hope that the Government will act sooner rather than later—I am sure that they would have the support of many hon. Members. Social tariffs need expanding and must be made more accessible. I ask the Minister to leave no stone unturned to ensure that such tariffs are available to everyone in Scotland who is entitled to them.

Energy is vital for our existence. In the past, Scotland has played a valuable role in that sector. It does so in the present, and I urge the Minister to take steps to ensure that it continues to do so in the future. Scotland needs a balanced energy policy. This should not be a debate about nuclear power; it should be about a balanced energy policy in which nuclear can be a player.

I support the move towards clean coal and carbon capture technologies. That could see significant investment and job opportunities in Scotland, including in my constituency. Scottish Power, which is near to my constituency and that of the hon. Member for Dunfermline and West Fife (Willie Rennie), hopes to be the first in the UK to produce a large, fully operational carbon capture and storage system to be retrofitted to Longannet by 2014. If that technology delivers the goods, there will

[Gordon Banks]

be a reduction in fossil fuel emissions of up to 90 per cent and a whole range of new options for Scotland will open up.

There are an estimated 50,000 fossil fuel plants in existence throughout the world. China and the USA are the leaders in that method of generation. That Scotland has an opportunity to be one of the pioneers in carbon capture and storage makes me very proud, and I hope that the Minister will do all that she can to secure the investment at Longannet, which could lead to a growth in exports of that technology to the massive economies of China and the USA.

I have no desire to see powers transferred from Holyrood back to Westminster, but I am concerned that a devolved Government could impact on a vital policy such as energy in an indirect manner, to an extent that could be damaging to energy production and the economic future of the UK.

Investment in renewables has struggled in the current economic downturn, but I applaud the actions of the Government, which could see more than £1 billion invested in turbines and infrastructure around Scotland's coastline. The Scottish Council for Development and Industry claims that Scotland can generate 50,000 jobs in the energy sector over the next 15 years. I urge the Minister to leave no stone unturned to secure those jobs for Scotland and futures for my constituents and to deliver a cleaner, greener future for our children.

9.55 am

Mr. Mike Weir (Angus) (SNP): I am tempted to say, "Here we go again." Looking round the room I see myself, the hon. Member for Orkney and Shetland (Mr. Carmichael), the hon. Member for Glasgow, North-West (John Robertson) and the Minister. We have all been round this course many times, in this Chamber, the House and the Scottish Affairs Committee. The hon. Member for Glasgow, North-West and I continue this debate in the Energy and Climate Change Committee.

When I saw the title of the debate, I hoped that we had moved on from the perennial argument over the construction of new nuclear power stations in Scotland. Alas, that has proved not to be the case. We have debated this subject on numerous occasions, and it will surprise nobody to hear that the Scottish National party and the Scottish Government do not accept the need for new nuclear power stations in Scotland. I have seen no evidence to make me change my mind on that, despite the best efforts of the hon. Member for Glasgow, North-West.

We oppose new nuclear power stations for various reasons, but there are other energy issues in Scotland. I will speak briefly on the nuclear issue before moving on to what I consider to be slightly more important matters. We do not need new nuclear power stations. Scotland has the potential to be the green powerhouse of Europe, and we should concentrate on creating a safer, greener Scotland by developing that full potential. Nuclear power is costly and has never lived up to the claims of its proponents. We all recall being told that it would be too cheap to meter—that has turned out to be a con. The budget of the Nuclear Decommissioning Agency is running away. At last count, it had reached at least £70 billion, and may now be as high as £90 billion. Before the reorganisation of Government Departments, it took up nearly half the budget of the Department for Business, Enterprise and Regulatory Reform. That was before the costs of disposal of waste from new stations were considered.

In Scotland, the decommissioning costs of Chapelcross are estimated to be at least £1.37 billion. The site will not be available for resale until 2018. At Dounreay the cost is almost £3 billion. Total costs in Scotland have reached £5.3 billion at current prices, and that is before the costs of Torness and Hunterston B are known.

When the Labour and Liberal Executive were in power in Scotland, they were opposed to nuclear power stations because they did not believe that the problem of waste disposal had been solved. That is still a problem—it has not been solved. The UK Government have simply decided to treat it as solved without having a disposal site, funding or a clear plan for what to do with existing waste, never mind the new waste.

The economics of nuclear power do not stack up. No stations anywhere in the world have been built without public subsidy; the newest station in Finland is running behind schedule and over cost. We are told that nuclear power could provide jobs in the future, but renewables can provide jobs now. We need those jobs now for a new, green, energy future.

The hon. Member for Ochil and South Perthshire (Gordon Banks) talked about economic security. Where is the economic security when the main builder of new power stations will be a company, the majority of which is owned by the French Government? The main substance needed for nuclear power is uranium. Perhaps we can get that from Australia and Canada now, but there is a limited supply. Some estimates say that there is no more than 40 years' worth. After that, where do we get it from? We will have to go to Kazakhstan and other such places, which are hardly the most stable parts of the world. If we were worried about gas from Russia, why are we so relaxed about uranium from Kazakhstan?

Mr. Carmichael: If Kazakhstan will not supply it, there is always Uzbekistan. Does the hon. Gentleman think that it is sensible to put our future energy consumption and generation capacity in the hands of someone like Islam Karimov?

Mr. Weir: Certainly not. We need to develop our own energy future. We currently have substantial amounts of North sea oil and gas, and a renewable future on which we should concentrate. Nuclear is a thing of the past and not the future. Moreover, we should consider its moral implications and its connection with weapons. We told Iran and North Korea that they could not have nuclear power because of what they might do with it.

Plainly, renewables, as a share of our energy generation, are increasing while nuclear is decreasing. I was much alarmed by the outrageous call of the hon. Member for Ochil and South Perthshire for the power of the Scottish Government to be removed. This is a matter for the Scottish Parliament, and it is part of the devolved solution and a matter for the Scottish people. A majority in the Scottish Parliament are opposed to nuclear power stations and they were elected by the Scottish people. It is up to the Scottish people to change the situation.

We believe that it would be wiser to invest the billions that would be required for new nuclear power stations in Scotland's vast renewable potential. I appeal to hon. Members to get over their obsession with new nuclear and let us consider what we can agree on rather than raking over the embers of something that we are highly unlikely ever to agree on. On that basis, I should like to concentrate on some of the more positive aspects of electricity generation and consumption, and to highlight a few areas in which urgent action is needed.

As I indicated, Scotland has a huge potential for many forms of renewable energy. The Scottish Government are on target to exceed their aim of generating 31 per cent. of electricity demand from renewables by 2011, with capacity, which is either installed or consented to, exceeding 5 GW. They are determined to meet, and if possible exceed, the target of 50 per cent. by 2020 through a balanced mix of technologies. They also wish to continue working with European partners to look at better offshore grid connections, which are essential for the large-scale export of renewable energy.

The Scottish renewables obligation will give a much greater incentive to wind and wave technology, which has a huge potential for the future. In the spirit of co-operation that I am trying to engender, I also warmly welcome the recent announcement by the UK Government to extend the renewables obligation until 2037. That is very positive and gives us a potential to expand important energy sources. The Crown estate's recent announcement of offshore wind licences also has the potential to increase our renewables. Some such licences may cover the firth of Tay in my own constituency. I await with interest the reaction to offshore wind given the problems that there have been with onshore wind. None the less, it is an area that we need to continue to develop.

The £13 million wave and tidal energy support scheme awarded grants to eight marine energy projects, and the Scottish Government have indicated that they intend to introduce, by June, the most generous support in the UK for commercially deployed and marine renewable energy projects on five renewables obligation certificates for wave and three for tidal. That is a real attempt to kick-start renewables and put in place all the renewable generation.

Moreover, we should not forget that we have North sea oil and gas. As the hon. Member for Glasgow, North-West well knows, the Energy and Climate Change Committee is currently considering the oil and gas industry. We have had some very interesting meetings on the subject which included a visit to Aberdeen. There is still an immense amount of oil and gas in the North sea, and potential development west of Shetland. The UK Government must consider that as part of a medium-term energy future. Changes in the Budget will help a little, but more needs to be done to ensure the development west of Shetland, which is a very difficult environment from which to extract oil and gas.

The future of the industry goes beyond that, however. The hon. Member for Ochil and South Perthshire talked about carbon capture and storage, but the North sea has huge potential. We have the undersea aquifers and the old oil and gas fields which have huge storage potential for carbon capture and storage. Moreover, in the North sea we have the skills, through the oil and gas industry, to develop CCS and offshore wind. The other week, I visited Petrofac, which has a facility in my constituency, to look at its offshore safety work. It said that it was getting increasing interest from those who wish to get involved in offshore wind and other offshore renewable projects, thus highlighting that there is the potential to develop our existing North sea industry.

I should also like to talk about carbon capture and storage. Again, in the new spirit of co-operation, I welcome the statement on the subject made by the Secretary of State for Energy and Climate Change. I am tempted to say that it is better late than never, because had the Government not pulled the rug from under the Peterhead project, we could have been well ahead with carbon capture and storage. As it happens, that project is now proceeding in Abu Dhabi. We are now, at last, considering movement with CCS. Obviously, Scotland has huge potential with the possible development at Longannet. At the moment, Longannet is the second largest coal-fired power station in Europe. The project that is being developed there, in a consortium led by Scottish Power, includes Aker Clean Carbon's technology and Marathon Oil Corporation's drilling and transportation expertise. It is one of the three bids that is going forward in the bid process and, if it is successful, it could be the world's largest fully operational system on site by 2014, and that would go a great distance to putting Scotland at the forefront of carbon capture and storage and developing industry for the future.

The hon. Member for Ochil and South Perthshire made an important point about the number of coal-fired power stations throughout the world and the continuing development of them in China and India. Longannet will be a retrofitted carbon capture and storage facility, which is vital because we have to retrofit the existing stations if we are to reduce their emissions. It is no good looking only at carbon capture and storage for new build, it must be developed to retrofit existing stations so that we can move forward and drastically reduce our carbon emissions.

There are problems with CCS, however, which stem from the transmission grid. I have often talked about the need to strengthen the grid, particularly for the north of Scotland, to take the renewables into account. The regime is distance-based and that works against the development of renewable energy resources in Scotland as well as providing a disincentive to thermal-based generation. In effect, it is technology neutral, but any technology in the north of Scotland faces the same problems. It is high time that we moved from that to a charging model based on a flat rate—the so-called postal system. Each generator would pay the same for access into the grid. Such a system would go a long way towards helping the development of renewables and will enable us to meet the challenging targets that we are all signed up to—or that most of us are signed up to. National Grid is consulting the UK industry and generators for their views on the Scottish proposal, which I hope will move forward.

Mr. Carmichael: Will the hon. Gentleman explain his thinking? Why must we have only one transmission regime for every kind of generation? Does he accept that, if traditional fossil fuels are being used, locational charging, whereby there is a loss of energy in the transmission, makes sense, but that it does not make sense for renewable resources?

Mr. Weir: We are trying to get a balanced mix. We want to encourage as many types of renewable as possible. The hon. Gentleman talks about traditional sources, but CCS changes things. I will talk about that in a moment.

The current first-come-first-served access arrangements are indefensible, and I welcome the fact that the transmission access review group is looking at them. Hopefully, there will be changes to avoid the ridiculous situation in which people can be given connection dates many years in the future. We should consider a system that is based on the realistic possibility of access. If a project is tied up in the planning system for many years and is never likely to proceed, it is daft that it is able to have a connection consent when a project that has been through the system cannot. That needs to change.

Scottish Power has identified a problem with the CCS and the transmission system. At the moment, there are constraints on transmission under the British electricity trading and transmission arrangements. Generators in Scotland pay to be connected to, and to use, the Great Britain transmission system. Annually, such payments amount to 40 per cent. of the total transmission charges which, allowing for the fact that Scottish generation represents only 12 per cent. of total generation, means that Scottish generators contribute approximately £100 million per annum more than what would be a fair share. In return for the payments, generators are entitled to access and to use the transmission system to move their generated electricity to market. Consequently, when they cannot have full access to the system because of inadequate grid capacity, they should be entitled to compensation for the resulting loss—those payments are referred to as constraint payments.

Electricity generation in Scotland already exceeds the capacity of the network, and additional renewable generation in Scotland will exacerbate the situation. Neither National Grid nor Ofgem has taken sufficient steps to address the capacity shortfall, even though the problem has been known about since well before 2005. There is an ongoing programme of infrastructure reinforcement works to increase capacity, but it will be several years before the interconnector capacity between Scotland and England is sufficient to eliminate constraints. National Grid and Ofgem have nevertheless come forward with a new proposal that appears to target Scottish generators. They want to change the system of balancing costs so that constraint payments would effectively be charged back to the same generators, which is to say that generators would pay constraint charges for not being able to access the system, which seems bizarre in the extreme.

Setting artificial limits on the level of compensation that Scottish generators would receive, irrespective of the value that they provide to National Grid or of the losses incurred by generators, seems daft, but the problem is that the proposal seriously undermines confidence in investing in Scotland's thermal and renewable energy sectors, including CCS, which is the point that I wished to make to the hon. Member for Orkney and Shetland. We are placing a great deal of faith in the future of CCS to meet our emission targets and we need to do everything possible to ensure that it happens. We cannot discriminate against existing and future Scottish generators—that calls into question the validity of the BETTA system. I appeal to the Minister to take the matter up with her colleagues at the Department of Energy and Climate Change, as I have with the Energy and Climate Change Minister, the hon. and learned Member for North Warwickshire (Mr. O'Brien), who has promised to meet me to discuss the matter. It is important that we get this right. There are many other problems, but we need to get on with CCS, which is one thing that will ensure energy for the future without the need to go down the nuclear route.

I should like to make one final point in response to what the hon. Member for Ochil and South Perthshire said on energy prices. We all quite rightly get many complaints about energy prices, and all politicians will struggle with the problem in the coming years. However, we need to balance energy prices with the need for investment in the grid and in new generation, and we must be realistic about it. We must ensure that those who have difficulty paying bills—those on low incomes or benefits—are given the maximum help in paying them, but I agree with the hon. Gentleman that we must also take steps to ensure that our housing stock is as energy efficient as possible. We must ensure that new build incorporates the highest standards of energy efficiency—new renewable energy such as photovoltaics or solar panels could help.

We should consider retrofitting our older housing stock, but there is a limit to what we can do. My house is a Victorian semi, and I have done all the easy things to insulate the house, but it has solid walls, so I cannot inject anything into them. I have a very well lagged loft and I have changed all the light bulbs, but there is a limit to what I can do.

As hon. Members who have served on the Business and Enterprise Committee and others will know, the interconnection of the European and UK markets is a serious issue, and it impacts on the price of our energy. It is not balanced. The European Commission is apparently trying to liberalise the market, although there has been little success to date. That needs to happen, because the operation of the Europe-UK interconnector impacts on Scotland.

Many things can be done in Scotland so that we have a clean, green energy future. I suspect that we will never agree on nuclear. I appeal to everyone to concentrate on the things on which we can agree, to push forward generation for the future and to ensure that we have that clean, green energy future for Scotland.

Mrs. Joan Humble (in the Chair): Order. I wish to call the Front Bench spokesmen at 10.30 am, so we have only 13 minutes of debating time left for the two hon. Members who still wish to speak. I therefore urge them to limit their contributions.

10.17 am

John Robertson (Glasgow, North-West) (Lab): It is a pleasure to serve under your chairmanship, Mrs. Humble. I congratulate my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) on his excellent speech. He hit all the right buttons and talked about everything, and his contribution was balanced. It was more balanced than that of the hon. Member for Angus (Mr. Weir). He told me earlier that this is like déjà vu all over again. He started off well, saying that we did not want to go into the usual nuclear argument, but then he went into it—for the next seven minutes or so.

The most important thing is how the needs and aspirations of the Scottish people are met. As Scottish politicians, we should do our best to meet those aspirations. I enjoyed the hon. Gentleman's last comment. He said that we should talk only about things on which we agree but, unfortunately, that is not how life works. We want to talk about everything, which includes nuclear. Nuclear will bring a great deal to the party, and it will do a lot to meet the energy needs of the Scottish people at a time when it is needed.

The usual smoke screens have been produced as a way of arguing against nuclear—we heard that nuclear generators are bad people who produce horrible waste that we do not know what to do with. The Government will say what is happening on waste in the late autumn. I hope that the Scottish National party north of the border will accept what comes forth, and that we have a single repository for waste in this country. I hope that the party does not do anything silly and try to have a separate waste dump for nuclear waste in Scotland. How silly would that be? Then again, sillier things have come from that party in recent times.

It is no surprise that I will speak on nuclear energy. It would be remiss of me not to, as chair of the all-party group on nuclear energy. In May, Doosan Babcock, a business just across the river from me, will show off one of the first carbon capture trials in the country. Science is important. I believe that we have always excelled at it in this country, and that science is the most important thing in considering how we are to survive our future, whether in terms of climate change or of our existence in general.

Scientists tell me that no carbon capture facility anywhere in the world is up and running and supplying energy, and it is unlikely that one will be before 2025 at the very earliest, or more probably 2030. There will be trial sites, and we will try this and that to get a power station fitted, up and running and doing what we hope it will do—we hope that this country will make a lot of money selling energy to countries such as China, as my hon. Friend the Member for Ochil and South Perthshire mentioned—but it will not be part of our energy mix in the short term.

When I say "short term", I am thinking particularly of the 2015 to 2020 bracket, when we will have a problem with our energy needs. At this moment in time, whether we like it or not, or whether we agree or disagree, we will have to consider gas to fulfil a lot of our needs, and we will have to import it from areas from which we do not particularly want to import it. That is my opinion. Although the Secretary of State for Energy and Climate Change said to me that he did not believe that we would have to go down that road, I believe that we will. The information coming to me from energy companies is that there will be a problem when we reach 2015. If we close our coal-fired and nuclear power stations, we will have a shortfall that cannot be met by renewables.

Core supply is the most important thing. Without it, the country does not run. Core supply is the base of electricity or energy needed to ensure that the country works. During the cold spell last winter, renewables in Scotland produced 0.01 per cent. of energy. That is not good enough. We cannot rely on renewables for our future energy needs. When it gets cold and the wind is not blowing, we will not have enough energy to supply our needs. That is a problem.

That is not to say that we should not invest in renewables. It is important that we do so, and that we consider venture capital and development in general. At the end of the day, as I said, that will be our survival. Where do we go next? How do we go on? If the hon. Member for Angus was right about excavation for uranium, which, unfortunately for him, is very small, then I say to him that we have not considered it in any great detail because what we have more than meets our needs. Like everything else, the more we need and the harder it becomes to find, the more we must consider different ways to do things and the more expensive it becomes. We understand all that, but at this time, the supply of uranium for the present and the foreseeable future, even considering the growth in nuclear energy, will meet everybody's needs for some time to come. Perhaps my hon. Friend the Minister will comment on this, or at least pass on the message to the Minister of State, Department of Energy and Climate Change. I hope that the Government will consider reprocessing to make the fuel last longer and cut back on waste. I would like to see us go down that road.

I know that the hon. Member for Dunfermline and West Fife (Willie Rennie) is waiting to speak. There was quite a lot that I wanted to say, but I think that I have hit all the buttons that I wanted to hit. The most important is that we want to work with each other. The most important thing at the moment is that we do not argue about what kind of energy supply we want or need. I want to see investment in Scotland. I want the billions of pounds that other areas will receive to come north of the border.

In his speech yesterday, the First Minister discussed the possibility that 9,000 jobs could be lost north of the border as a result of the Budget. Building one nuclear power station would create 9,000 jobs. I can solve that problem for him; he can have those 9,000 jobs. I will even go further: let us have two nuclear power stations and create another 9,000 jobs. I believe that that electricity would be useful for the rest of the country. I believe that jobs north of the border would be very welcome, particularly at this time. I also believe that the people of Scotland deserve the best. We should give it to them.

10.25 am

Willie Rennie (Dunfermline and West Fife) (LD): I congratulate my neighbour, the hon. Member for Ochil and South Perthshire (Gordon Banks), on his excellent exposition of the case. It is a complicated subject. I am also grateful to the hon. Member for Angus (Mr. Weir) for the update on his housing renovations; it was particularly useful in a time-constrained debate. I will be coming to see his house soon to ensure that we benefit from them. I thank the hon. Member for Glasgow, North-West (John Robertson) for his brevity. Obviously, he believes passionately in nuclear. I do not, but he does, for which I commend him.

Fife has contributed significantly over the centuries with a single energy source: coal. We now have a wide range of sources, including biomass. There is a plant over at Leven, and two more are being developed at Longannet and Markinch. Council waste is being turned into combined heat and power. We have wind energy at Raith, and many other sites are being considered by planners. We also have underground coal gasification

[Willie Rennie]

and methane extraction. From a single source, we have moved to a huge range of sources, which reflects the journey that the whole UK is making.

However, Fife has a particular contribution to make, which ties in with Longannet. Iberdrola, which owns Scottish Power, has indicated that if carbon capture and storage receives the go-ahead, it will make Longannet a centre of excellence. Iberdrola is a worldwide company with huge weight, resources and expertise. It is a world leader in wind power. If we can get it to contribute significantly to making Longannet a centre of excellence, we can tie that up with the energy park being developed over at Methil, and Fife could make a huge contribution to the UK's energy future. I am keen to ensure that that happens.

CCS has a particular contribution to make, not only because it is a new technology that needs to be exploited to meet our energy needs but because the location includes the Forth valley, one of the biggest contributors to carbon emissions in the UK, with Grangemouth, Mossmorran, Cockenzie, Longannet and many other industrial sites. If we can make it work at Longannet, we could tap into those carbon emissions as well, so the potential is huge. There is easy access to the North sea and the aquifer that we heard about, which I understand could take almost all of Europe's CO_2 emissions. It is a massive aquifer that Fife has great potential to exploit. I am excited about the opportunities ahead, as well as the potential to exploit markets worldwide; we have heard about China and elsewhere. That is why retrofit is so important. It cannot just involve new build; there must be retrofit as well.

A few years ago, nobody was thinking about the next phase of coal-fired power stations, but there have been some interesting converts, including me, to that new technology. The other day, WWF said that

"if the govt wishes to demonstrate the technology"—

that is, CCS—

"on conventional power plants, then it is only sensible to use an existing station such as Longannet station in Scotland rather than building a new one."

Who would have imagined that environmental organisations such as WWF would be advocating coal in such a short time, when they had been clear advocates against it in the past? I welcome that as a great opportunity.

We have heard a lot about transmission charging. We often hear that one part of Government has a policy contradicting another part of Government. It is frustrating, but we can understand why it happens. The problem is when the same arm of Government proposes opposite policies. Plants situated north of the border and furthest from the market are being penalised, but at the same time, Ministers are advocating nuclear and renewables north of the border, contrary to the first policy. The Government really need to get their line straight and work out whether they are in favour of increasing energy production and generation in Scotland.

That is why I cannot quite understand the argument that the hon. Members for Glasgow, North-West and for Ochil and South Perthshire were making. If they are in favour of nuclear, why are they not against Ofgem's generating formula? I am sure that if we were to ask Ofgem, it would never say so publicly but it would say privately, "Why on earth are you even considering building new nuclear power stations in Scotland, because that is not where we want new energy generation? We want it south of the border, where the market is." So the Government need to sort out whether or not they are in favour of generation in Scotland. Forget about renewables. Do the Government want more generation in Scotland, because Ofgem does not seem to be in favour of that option?

I will conclude with one final plea, which is that I hope that the Government will not allow the carbon capture and storage project to slip. There has been some delay already. We have heard about the plant up in the north-east of Scotland. However, even with the current carbon capture competition there has been some slippage. If we are really to exploit the worldwide potential for this technology, we need to ensure that we take advantage now and that we do not allow any slippage, any bureaucracy or any Administration to get in the way of something that could be hugely important for Scotland and the UK.

10.31 am

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I welcome you to the Chair, Mrs. Humble. I congratulate the hon. Member for Ochil and South Perthshire (Gordon Banks) on securing this debate and on his contribution to it. I particularly commend him for framing the debate in such a way as to allow us to discuss not just generation but consumption—to discuss one element without the other would be essentially a sterile exercise. That has rather been the hallmark of many of the debates that the hon. Member for Angus (Mr. Weir) referred to and in which the hon. Gentleman, the hon. Member for Glasgow, North-West (John Robertson) and I have taken part since we entered the House.

If there has been a lack of debate on a subject, it has perhaps been on the potential for energy efficiency. The hon. Member for Ochil and South Perthshire touched on that subject during his remarks. None the less, we risk—at our peril—forgetting that energy efficiency is the real potential area for change within the energy market.

On the subject of energy consumption, there is one point that I have found increasingly coming to my desk through constituency surgeries, which is the quite outrageous sums that are charged by electricity supply companies to those constituents who rely on card meters. One woman came to my surgery just last week in Shetland and she told me that she is now paying in the region of £200 a month in electricity costs for a two-bedroom house in Shetland. For somebody who is on benefits, that is an outrageous proportion of her income to pay out. Certainly, it takes her well above the threshold of the 10 per cent. of a person's income that is supposed to be the marker of fuel poverty. Bear in mind also that, almost without exception, the people who have card meters are the people who are on the lowest and most rigidly fixed incomes. They are the people who have no choice and who often tell me that they end up simply sitting in the dark with no lighting and no heat, just because they cannot afford to meet the costs that are being placed on them by energy companies. I sometimes wish that Ofgem would pursue those features of the market with the same vigour that it appears to apply to pursuing other features.

One of the reasons why we have had the full range of debates that the hon. Member for Angus referred to is the fact that, certainly since 2001 and probably in the four years before that, rarely has a year gone by in this House without there being a Government White Paper, a discussion document, a consultation, a strategy unit investigation, a draft Bill or a Bill on energy. The one thing that we never seem to get out of the Government in general and out of 10 Downing street in particular is a decision. That has been apparent from the way in which the debate has proceeded today.

In relation to the nuclear debate, the hon. Member for Ochil and South Perthshire said two things that caused me particular concern and I want to touch on them. He said that he was concerned about nuclear waste and that historically was why he had decided that he was not in favour of nuclear power. He now tells us that he has changed his mind, but he did not tell us that anything had changed with regard to the handling and management of nuclear waste. The fact of the matter is that, notwithstanding the efforts of the Government through the Committee on Radioactive Waste Management and other bodies, nothing has changed. The legitimate concerns that led him to conclude previously—before the Government changed their policy, of course—that nuclear was not the option to take still remain.

I am not theologically opposed to nuclear power; if I might say so. I am not doctrinally opposed to it. The reason that I am opposed to it is specifically the lack of openness and candour that the nuclear industry demonstrates with regard to the management of nuclear waste. If the hon. Member for Ochil and South Perthshire has had his concerns assuaged with regard to nuclear waste, I would suggest that he has been bought politically, if I can put it in a slightly pejorative way, rather too cheaply.

Gordon Banks: On that point, I want to make it clear that nobody buys and sells Gordon Banks. My decision has been arrived at by me alone, because I see the significant dangers of coming into this room, putting that light switch on and nothing happening.

Mr. Carmichael: None the less, the hon. Gentleman seems to be sold on the idea that one particular avenue should be explored, to the exclusion of everything else. I must also say to him that I said "politically" bought, because I did not want to suggest that there was any element of corruption involved here. However, I must say that he was right to take the concerns about nuclear waste seriously. Nothing has changed with regard to that, so I do not see why his position has changed.

John Robertson: Will the hon. Gentleman give way?

Mr. Carmichael: I will not give way to the hon. Gentleman as I am concerned about making some progress. Unlike other hon. Members, I must limit myself to nine minutes.

The hon. Member for Ochil and South Perthshire suggested that this issue should stimulate a reconsideration of the constitutional position with regard to the Scottish Government having power over the planning considerations under the Electricity Act 1989. I want to say that that view is fundamentally wrong-headed. We decide where powers lie constitutionally in this place and elsewhere on the basis of where they lie most appropriately. It was the decision of this House in 1997, and I think that it was the right decision, that that power over planning considerations should be vested in the Parliament and the Government in Scotland, and people should not start changing that situation simply because they do not like the decisions that have been taken.

The final concern that I have about the remarks of both the hon. Members for Ochil and South Perthshire and for Glasgow, North-West is that the hon. Members seem to confuse policies on job creation with policies on energy. We make our choices on energy according to energy considerations. If we see energy simply as a mechanism for generating more jobs, we risk making decisions that will not be in our own long-term strategic interests.

Other hon. Members have spoken about the distribution and transmission charging regimes, which is a subject that is near and dear to my heart. Again, I would just emphasise one point. To my mind, locational charging makes a substantial measure of sense, when we are talking about transmission losses where electricity has been generated by using fossil fuels. However, completely different considerations should apply when we are talking about electricity that is generated from renewables.

On the subject of gas, of course, not all gas comes into this country from the North sea. The potential now is for gas to come from the west of Shetland. That is the next untapped resource. Both from a constituency and strategic point of view, a substantial concern is that we have still not had the necessary decisions taken in Government to allow the full development of gas west of Shetland. I shall be interested to hear exactly what role the Minister's Department has taken in that debate. I suspect it will not take her long to talk about that.

10.40 am

Mr. Ben Wallace (Lancaster and Wyre) (Con): I am delighted to serve under your chairmanship today, Mrs. Humble. As my neighbour, you will, of course, know well the debate about gas storage and some of the other issues we have been discussing today. I congratulate the hon. Member for Ochil and South Perthshire (Gordon Banks) on initiating the debate. He made a measured and logical speech. I agreed with everything he said and cannot fault much of it. It was great that there was a lack of ideology, and a concern to solve the problems and face up to the growing energy crisis that could occur if we do not do anything. That is the type of adult attitude that I believe the major political parties are adopting. There is a consensus growing about what to do about the UK's energy needs and, indeed, the security of supply.

It was interesting that the hon. Gentleman's speech was followed by that of the hon. Member for Angus (Mr. Weir), who spoke a lot of sense until he moved on to the pre-prepared part of his speech, which included some of the Scottish National party's mantras about Scotland being the green powerhouse of Europe. True to form, ideology crept into his comments about nuclear energy. I give credit to the Scottish National party; it has done a lot of work on the alternative to nuclear energy and it certainly knows a lot about the subject of renewables and the other areas of generation. If it could only apply that same level-headedness and competence to the subject of nuclear power and remove the ideology, it would join the consensus that recognises that this matter is about doing something by the time we get to the energy gap.

[Mr. Ben Wallace]

The issue of planning and its relation to UK energy policy cannot be avoided. Of course, I accept the nature of the devolved settlement. As a former Member of the Scottish Parliament, I understand the nuances that can occur and that one can use clever political games to abuse the system if one wishes to frustrate the will of the United Kingdom. I am a Unionist and I recognise that United Kingdom policy on certain issues belongs to this House. We sometimes have to take the rough with the smooth. I do not agree with a lot of the policy produced, but I am a Unionist and that means I stand for the United Kingdom remaining together.

The Scottish National party should not pretend that the majority of the population of Scotland are against nuclear power: Scottish Government figures show that 53 per cent. of Scots polled were in favour of nuclear energy. A party that received effectively 16 per cent. of the electorate's vote in the last Scottish Parliament election certainly does not hold a large mandate to overrule the United Kingdom. In the interest of the Union, I ask that this island gets its energy policy right. We should not play petty politics with such policy areas, and that is why I urge the Scottish National party to remove ideology from its energy policy. We should question the issues of storage and safety, and talk about the proper areas of debate, but I do not think that ideology serves us well.

The hon. Member for Glasgow, North-West (John Robertson) gave a strong rallying cry for nuclear energy. Not surprisingly, he correctly raised the spectre of technology and how far carbon capture has gone. I used to work in the technology industry, and know that there is always the temptation to grasp the latest thing that comes along or is on the "Today" programme as if it is a silver bullet or the recipe for turning lead into gold. Time and again, we see that technologies do not always deliver the entire solution—in fact, they rarely do so. Often, such a focus can take the light off a current emerging technology. It is interesting that little is now talked about marine, tidal and wave technology. A few years ago, such technology was going to be the silver bullet to solve this problem.

When we introduce new technologies to the debate, we must be careful to recognise that technologies take years, not days, to develop, that they have to be proven and that they have rivals. If we invent carbon capture today, we think that the rest of the world might buy it. Well, that will not be the case if other countries' Governments choose to invest in their home-made technologies, which might not be the same as ours. We must recognise that we have to have a mix not only of supply of electricity and generation but of past, present and future technologies. Let us not get too distracted by the future, because the gap is growing and time is running out.

The hon. Member for Dunfermline and West Fife (Willie Rennie) objected to nuclear power from an ideological point of view, but he also made some strong technological and environmental arguments. I respect his views on that. He made a strong, bold play for Fife to be the centre in respect of some of the renewables. As my father is from Leven, I support that in part. However, as a Member of Parliament for the north-west, Heysham nuclear power station is within a few minutes drive of me, so I hope that I will be forgiven for not putting all my eggs in the Fife basket.

The hon. Member for Orkney and Shetland (Mr. Carmichael) rightly made a point about consumption, which had not been mentioned before. The easiest thing that we can do today to help to close the energy gulf that might appear is to use less electricity and to use it more efficiently and wisely. It is a free hit for all of us to do that. The hon. Member for Angus pointed out the steps that he had taken—perhaps it would also help if the SNP spoke with a little less hot air. Consumption is not just a bit of the solution; it is almost half the solution. We need to bring that into the classrooms of our schools to the same extent that we bring in some of the fears surrounding other areas of science.

The Conservative party would like more to be done on decentralised electricity technology, combined heat and power, biomass, small and mid-size wind turbines, energy from waste generation, micro-hydro and solar. Barriers already in place prevent those type of generation from getting on to the grid. We need to adopt the feed-in tariff system that exists across other European countries. That system encourages such microgeneration and, indeed, helps decentralised technology to take advantage of the situation and not be blotted out by the established players in the power game.

Finally, there are the issues of affordability and justice in the system of tariffs. We would make it illegal for power companies to discriminate unfairly against consumers who have prepaid meters. It is thoroughly wrong for utility companies to do that. If we go to renewable or alternative energies, the last part of the equation is that there may be a cost impact on the consumer. We must not forget that people in fuel poverty might find it harder and harder to make the jump to energy that is supplied by technology.

I look forward to hearing what the Minister has to say. I believe that a consensus is building and that technology and the money invested in technology is starting to go in the right direction. However, we must not forget that, in the end, the issue is about having a mix. That means we have to put aside some of our ideology to ensure that the energy gap is closed because, as the hon. Member for Ochil and South Perthshire has correctly said, there is a danger that, one day, we will turn on the light switch and nothing will happen.

10.48 am

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): I welcome today's debate, which was initiated by my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks). I also welcome the contributions of other hon. Members this morning. Although we have been around the track with the issue in the past, I think that we all believe it is essential to consider the matter—for the UK but, particularly, for Scotland.

As a number of hon. Members have pointed out, my hon. Friend advanced a well-balanced argument for the need for a balanced energy mix. The Government strongly believe that we require such a diverse energy mix for Scotland. In doing so, we acknowledge that we face two long-term energy challenges: first, tackling climate change and, secondly, dealing with energy security, both of which are global issues that require global solutions.

However, there are also vast opportunities, and that has been mentioned by hon. Members on both sides of the Chamber during the debate.

Investment in energy will drive forward jobs and growth—potential growth that Scotland needs to harness and capitalise on, not only in the UK, but in the global market. Energy supply is an increasingly important part of any nation's security, and we cannot become over-dependant on one source of energy. That is why we require a balanced energy policy that ensures that we can keep the lights on, maintain economic competitiveness and help to protect the environment. We need energy that is affordable, secure and sustainable, as my hon. Friend rightly pointed out.

My hon. Friend raised several issues that I would like to address briefly. He raised concerns about the need for the planning system to adapt to increasing applications for renewable energy. Those will not only be for wind energy, because we will increasingly see energy generation from combined heat and power, biomass and solar panels, as the hon. Member for Dunfermline and West Fife (Willie Rennie) mentioned. We will see an uptake in applications across a variety of fields, so it is important that planning systems are able to adapt and adjust to that demand to ensure we can increase our capacity rapidly in a short time.

Comments were made on nuclear energy and the planning system, and the Calman commission will look at that. The Marine and Coastal Access Bill represents an important new move forward in how we view policy frameworks and how planning fits within them. The hon. Member for Angus (Mr. Weir) made several interesting comments on his desire to see an expansion of the offshore grid. That is an interesting long-term idea, but it is important that we have the right framework in place. The Marine and Coastal Access Bill, on which we have worked closely with the Scottish Government, provides an interesting test case: the Scottish Government have agreed to work within a UK strategic framework but will have the planning powers that will work within that framework. I mention that as a way of suggesting that we should not regard matters that have already been settled in legislation as remaining in stone. We need to adapt and consider whether new developments in other legislation might point the way forward.

Last week the Chancellor delivered the world's first carbon Budget, which included measures to address energy consumption, supply and efficiency, and it provided more than £1.4 billion of additional targeted support for the low-carbon sector. I welcome the stress that my hon. Friend the Member for Ochil and South Perthshire put on renewables. That Government investment is in addition to measures announced in autumn 2008, which means that around £10.4 billion of additional investment will be pumped into the low-carbon and energy sectors over the next three years, along with around £375 million to improve energy efficiency, which hon. Members have referred to.

We are still facing tough times in the coming years. Our European-wide target is for renewable energy to account for 20 per cent. of energy generation by 2020, and the UK share of that will be 15 per cent. At the same time, the infrastructure is getting old, as my hon. Friend the Member for Glasgow, North-West (John Robertson) rightly pointed out. All Scotland's ageing conventional generation capacity will need to be replaced by 2020, and by 2025 Scotland will need to replace all its non-renewable generation capacity, which currently amounts to 68 per cent. Those are considerable challenges, so we should not rule out any forms of energy.

I was interested to note that the hon. Member for Angus said that Scotland does not need nuclear energy and went on to explain how we could export energy from wind power and other renewables to other parts of Europe. That view seems to be on the opposite side of the arguments. Investment will drive technology, which he said was the main reason for investing in offshore wind. I fully accept that, but he then said that the £5.3 billion was not an investment in nuclear power in Scotland, but a cost. Well, it would also be a cost if it were used to expand other forms of renewable energy or carbon capture. There are risks involved, as there are with all types of energy. It is about getting a balance of those risks, a point made by my hon. Friend the Member for Ochil and South Perthshire.

Several questions were asked on pricing, which I would like to touch on briefly. Over the past 10 years the UK has benefited from some of the lowest electricity and gas prices in Europe. The Government certainly want to ensure that we maintain pricing at a competitive level for both industry and consumers. That is why we have called on Ofgem to publish the wholesale and retail prices of energy quarterly so that we have greater transparency in future prices. That is also why we want an early resolution of Ofgem's initial finding about the energy retail market and why we want energy companies to tackle issues about power cards and pricing. If it does not, we will certainly introduce legislation to tackle that problem, as we have already indicated. We have maintained and increased the winter fuel allowance this year and reached a voluntary agreement with the energy supply companies, which will spend an additional £225 million on reduced tariffs and other social programmes over the next three years.

With regard to transmission charges for the islands, which the hon. Member for Orkney and Shetland (Mr. Carmichael) mentioned, I can confirm that there will be an announcement on that shortly, and I have taken his concerns on board. He and other hon. Members also mentioned development west of Shetland, which we rightly consider to be important for the development of the energy sector in Scotland. The Secretary of State for Scotland is fully supportive of the west of Shetland taskforce and pilot, and has already discussed it with Total, which is running the pipeline from there. We continue to keep in contact on that, but obviously the Department of Energy and Climate Change is the lead Department. Members can be assured that we are fully supportive of that area.

The hon. Member for Dunfermline and West Fife rightly spoke about the potential for carbon capture and storage, which we believe offers exciting opportunities in Scotland and throughout the UK. As he will be aware, the project at Longannet is one of three in the current competition, and we expect an announcement on that later in the year. Significant developments are occurring in Scotland and we welcome the co-operation with the Scottish Government to develop that area further.

Scotland is rich in renewable energy sources. We can rely on our geography in tandem with our geology, and wind and tidal power will play their part. The foundations are firm: we have tripled the amount of renewable

[Ann McKechin]

electricity generation since 2001 and are now the world's leading country for offshore wind power. Our policy is geared to provide a stable, long-term climate for investment. However, let me be clear that neither wind energy nor nuclear energy can provide the flexibility needed to handle fluctuating electricity demand, a point to which my hon. Friend the Member for Glasgow, North-West rightly referred. Coal and gas will still play an important back-up role for the foreseeable future. It is interesting to note that in Denmark, which is currently Europe's most wind-intensive state and has more than 6,000 turbines producing 19 per cent. of the country's total electricity needs, not a single conventional power plant has been closed since 2002. That back-up power is still needed in our systems.

We certainly want to ensure that carbon capture and storage is successful because it could cut carbon emissions from coal by 90 per cent. The hon. Member for Angus made some comments on the Peterhead project, but we believe that it was important to have an open and transparent competition to choose which project to support. Both the UK and Scottish Governments are working closely on carbon capture and storage. We believe that, although it is scientifically possible, issues remain about its commercial potential, which is why we are not gambling our entire investment on only one energy supply.

In conclusion, as the 2007 White Paper made clear, a key plank of our energy strategy involves not only alternative sources of power, but the adoption of alternative forms of behaviour. Reducing consumption shows that the cheapest and cleanest unit of energy is the one not used, often referred to as the negawatt. Both before and in the Budget, the UK Government have introduced measures to address that, and our work through the Energy Saving Trust and the Carbon Trust has been helping businesses and householders for many years.

The world is moving to a low-carbon economy and we are determined that Scotland and the UK will not be left behind. The Budget underlined the desire for the UK to be in the vanguard of change, leading the way and putting UK business at the forefront to take full advantage of the emerging global opportunities presented by this historic shift. Scotland must now get the benefit of that growth and the jobs that will come from the energy revolution. That revolution is not restricted to renewables, but also includes clean fossil fuels and nuclear energy.

Pub Ownership

11 am

Dr. John Pugh (Southport) (LD): It is easy to become sentimental and emotional about the British pub—indeed, it is easy to become sentimental and emotional in the British pub—and get wrapped up in the images and clichés beloved of producers of soaps: the Rover's Return, the Queen Vic, "Heartbeat", the traditional village pub, and so on. Reality, though, is sometimes different. There are pubs and pubs: good pubs and others.

I recall a particularly sobering visit to a pub when out campaigning during a by-election in a constituency that shall remain nameless, but which, for the sake of argument, we will call Hodge Hill. Such was the intense demand for Lib-Dem literature on a hot day, my team felt it necessary to repair to a hostelry, parched and in need of refreshment. We identified a nearby pub, but we should have inferred something from the fact that the entrance had two swing doors, one with hardboard instead of glass and the other with neither glass nor hardboard. Our suspicions should have been confirmed by the sticking grip of the floorboards as we approached the bar and the baleful glance of the locals, which was somewhat reminiscent of "The League of Gentlemen". The barmaid smoking behind the bar dismissed the thought of food ever being present as ridiculous and we sat on rickety chairs at a less than clean table with a chipped ashtray on it. We will draw a veil over the state of the toilets.

Reality is more diverse than we tend to recognise. It is said sometimes that the pub is a community asset, which is certainly true and, in many places, that is exactly what it functions as. But I visited, with the Select Committee, a part of Manchester where the pub was moved, with regeneration money, from the heart of a difficult sink estate to a nearby main road, simply to catch the passing trade and ensure a more varied mix of customer, so that not all of them were from the community. We Campaign for Real Ale types praise the controlled drinking atmosphere of the pub, particularly when criticising supermarket cut-price sales. I know of pubs in some particularly tough urban environments where the controlled environment is less than obvious.

I say all this as a preamble, because I accept that the pub economy is in dire trouble and that we need action and progress, but any debate will achieve nothing unless it is grounded in hard reality and is truly engaged with all the interests, including the owners of the pubs, and is not simply a rehearsal of mantras, slogans and received wisdom. We have to get real about the state of pubs, because despite Select Committee and all-party reports, industry studies and previous debates and despite some wise, sensible recommendations, from the industry's point of view matters have got worse still. Pubs are continuing to close and sales are declining, whereas alcohol consumption is rocketing. The suggested causes are multiple and include supermarket competition, inappropriate taxation—there has been an emphasis on that recently in the run-up to the Budget—the smoking ban, which is mentioned by many publicans and the pub owners, the effects of economic recession and changing social habits. However, I want to concentrate primarily in my contribution on the industry's self-inflicted wounds, which are a major cause of decline.

The area that is the easiest to address, but also the thing that the industry is least inclined to talk about is the tie: the economic model of the British pub, or at any rate 50 per cent. of them. Most publicans that I have surveyed bring that up as the big issue. It is what the Fair Pint Campaign and the Save the Pub group were set up to address, and they make a considerable amount of noise about it. It is a big issue across the piece.

Let us look at some stats. Some 40 pubs a week are closing: the figures change and it might not be precisely 40, but that is the latest figure that I have seen. A current figures shows that, annually, 32 per cent. of the tenants working for the biggest companies give up doing that. Beer on-sales are down by 10 per cent. Some 50 per cent. of pubs are owned by the biggest companies that have their roots in private equity. That has severe consequences, because it means that they run with £20 billion of debt to service, quite apart from any dividends or generous salaries that they may wish to pay their chief executive officers. For the two biggest companies, the debt is equivalent to a repayment of £750 million a year or having to find £50,000 per pub per year. That is the situation that the owners of 50 per cent. of British pubs are in.

Bob Spink (Castle Point) (Ind): I am delighted that the hon. Gentleman has brought this subject to the House. It is important to many of our constituents and to the fabric of our communities and our society as we know them. But who is to blame for the demise of the pub? Is it the Government, with their 2p tax escalator each year till 2012, which will be unfair and unhelpful, or is it the pub landlord companies, through their high rent and beer charges, or is it a bit of both? What should we do about it? Today we saw Whitbread's profits go up considerably.

Dr. Pugh: Clearly, taxation makes a difference. It is not the main subject of this debate, but were the taxation to be more benign, from the point of view of the companies, there is no guarantee that their saving would be passed on to the tenants and the industry as a whole and would not go on the repayment of outstanding loans.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the hon. Gentleman on securing this debate. He will be aware of the Axe the Beer Tax campaign, about which I have had hundreds of e-mails and much of which I support. The point about taxation has to be read in context, because for the first 10 years or so of this Government the tax did not rise particularly in excess of inflation—I understand that that is not true of the last two to three years—but still pubs were closing at the present rate of perhaps 2,000 a year from a stock of 60,000 pubs. We shall lose the vast majority of our pubs in a generation if something is not done quickly.

Dr. Pugh: That tends to reinforce my point, which is that taxation may not be the main issue. The evidence that the hon. Gentleman has put forward seems to underline that.

The repayment that the pub companies need to make to the people that they have originally borrowed from has to come from somewhere and it comes from high rents to tenants and from wholesale tied beer sales to tenants at extortionate prices—50 per cent. above the normal wholesale price. It also comes from other side-deals that are done and which saddle tenants, such as compulsory provision of other poor-value ancillary services, including accountancy and legal services. Examining that dispassionately as an economic model, it is unsustainable, unless we live in a time of buoyant increased leisure spending and in a world where people have few leisure choices but going to the pub. This analysis is not shared simply by people who care about or visit pubs, or by people who are passionately interested in beer, the social life of the pub or the pub tradition, but by hard-headed men of finance, be they teetotallers, drinkers or whatever, who see the current model as near suicidal in a strictly commercial sense. Talk in the boardroom is now coinciding with talk in the taproom.

My analysis is reinforced by my own experience, which I pick up anecdotally by talking to my local publicans. I meet really enterprising people, such as Adrian at The Falstaff in Southport, who struggled to escape a remote, unworkable accountancy arrangement that frankly profited no one, not even the owners of the pub, Scottish and Newcastle. Adrian would like to provide local beers, because he knows there is a demand for them. One of the Southport beers, Sands, has just won an award as the best beer in the north-west, but people have to leave Southport to get it, because Scottish and Newcastle forbid it to be provided in local hostelries. I meet people such as Darren Thomas and his wife Sharon, who tried to revive another pub called the Oasthouse, but were unsure as to brewery intentions. These stories are replicated across the piece. Tenants are struggling, not with taxation, per se, not with a lack of ideas and not always with the economic climate, but with the people who own the establishment that they are renting.

There is success in the pub industry in my neck of the woods, but it is more commonly found in the free houses, which seem to be doing reasonably well, and the chains, some of which are doing extremely well—managers are backed up with sound investment from the companies. Above all, I am seeing more and more enterprising, innovative tenants who are willing to take on the hard job of running a pub for relatively little reward but an extraordinary amount of energy and commitment. Those people are being hogtied by ridiculous wholesale charging and restrictive covenants that are ultimately in no one's interest. That is the point that I want to emphasise. They end up dealing with remote organisations that own the establishment and with which they do not always have a good dialogue. Trying to contact Scottish and Newcastle about a pub is extraordinarily convoluted. There are precious few contact numbers on its website.

That is the situation, but there is hope of improvement. I do not want the pubcos to treat this as simply the usual thing that people such as me say. I recognise that the pubco debt will not go away, but the pubcos should not just listen to the debate and take it on the chin, because they are as exposed as any tenant. Their route to safety is not the old recipe—take the money and run, pay off debts, pay a dividend, take the profit and do not invest—but dropping the bad, old, introverted private equity habits with which they came into the business, and linking the boardroom with the taproom, engaging properly with tenants, communities and MPs, backing and supporting tenants who are innovative, enterprising and hard-working—plenty are still coming forward—

[Dr. Pugh]

investing in people, loosening up the supply chain, and producing a model that works. There will still be failures, lack of demand, unsuitable tenants, predatory supermarkets and so on, but what other option is on the table other than presiding over a rapidly declining business?

I am not counting on pubcos' altruism or even good sense. I do not believe in my heart of hearts that they have as much freedom to act as I would like them to have. Private equity does not care about the village pub. It believes in the free market and cares about the bottom line—end of story. That is why the Government have a genuine role in the drama. They must act, and introduce new regulation, which is overdue. The Tories introduced the beer orders that got us into this fix and provided the opportunity for private equity to move in and take over the lion's share of the industry. Regulation can get us out of that.

In an era when even public servants must bid competitively to keep their jobs, why should an arcane institution such as the tie persist? Frankly, it should have gone out with the corn laws. The regulatory environment can and should be changed, because it matters. Equally, in shepherding the pubcos into making the right choices, we must ensure that the planning environment does not encourage them to cut losses and move on by selling off pubs for conversion to flats and so on. If the Government provided the right planning regulations and regulatory regime—they have both those levers at their disposal—and gave the pubcos the right options, they might choose them. That would benefit the pubcos, the tenants and the communities that they serve, and provide a solution to the problem.

11.14 am

Mr. John Grogan (Selby) (Lab): It is a great pleasure to make a brief contribution to this debate. I congratulate the hon. Member for Southport (Dr. Pugh) on initiating the debate and on presenting his case in such a measured way. I speak as chairman of the all-party beer group; it is a tough job, but someone must do it.

The only time that I appeared in the *News of the World* was when MPs' expenses were published for the first time and, for no apparent reason, there was an unflattering picture of me on an inside page with the headline "Hard to swallow". I think that I was illustrating all MPs' expenses rather than just mine. One of my mentors told me that MPs should never be photographed with a pint of beer in their hand, but as chairman of the all-party group, that is a stricture that I am pleased to have ignored over the years.

I want to address the hon. Gentleman's specific point about the structure of pub ownership and how it influences the market. He also alluded to many other issues, and it is worth putting on the record the fact that about half of our pubs are free houses or managed pubs, although the number is declining faster than the number of tenanted and leased pubs. It is worth mentioning in response to an intervention by my hon. Friend the Member for North-West Leicestershire (David Taylor) that the rate of decline is increasing massively, and has been for the past two or three years. A few years ago, a handful of pubs closed every week, but 35 or 40 now close weekly. Whatever the reason, the decline has increased rapidly in recent years.

Other factors are also at work. Half our pubs do not operate under the tied model, and they should not be neglected. Supermarket prices, taxation and other issues affect them particularly.

David Taylor: Social change.

Mr. Grogan: As my hon. Friend says, social change is obviously one issue. It was interesting that although the hon. Member for Southport did not call for the tie to be outlawed, he came close and said that it was an anachronism. Some people in the Fair Pint campaign say that that is the prime, if not the only cause of pub closures. It is on record that the all-party group is funded by about 70 breweries and pub companies, which have different views about the tie. I listen to people in the Fair Pint campaign. Some have their own economic interest and are very successful entrepreneurs. Part of their frustration is that they would like to be even more successful and have even more pubs, which they believe is a proper view. I try to listen to all economic interests, including the Fair Pint campaign, pub companies and brewers, and then make up my own mind. On some issues, such as smoking and minimum pricing, my view is different from those of large sections of the industry. There are as many views of the tie in the all-party group as there are members. One vice-chairman of the group has signed a motion calling for the tie to be abolished, but I do not agree and will explain why.

According to the facts, figures and statistics, it is not true that tenanted and leased pubs are closing at a faster rate than free houses and managed pubs. Indeed, some evidence suggests that it is the other way round, although I accept the hon. Gentleman's point that that may mask a high turnover in many leased and tenanted pubs. According to industry analyst, A.C. Nielsen, last year's prices were much the same. In managed pubs, the average price of a pint was £2.56, and in leased, tenanted and independent pubs it was £2.66. That evidence must be borne in mind.

Dr. Pugh: The crucial factor is the amount of profit that a tenant makes on those pints.

Mr. Grogan: I was about to say that the pricing figures do not reflect profitability. Nevertheless, it is important to consider those factors, if the contention is that the economic model is the main reason for the closure of pubs.

Another way of approaching the subject was reflected in the hon. Gentleman's opening comments. The economic arrangement of vertical integration in the market has been investigated 19 times since 1966, and receives exemption by the EU, although that is up for renewal next year. There could be an imbalance of power in that relationship.

David Taylor: I declare an interest as a treasurer of the all-party save the pub group, whose founder, the hon. Member for Leeds, North-West (Greg Mulholland), is here today. My hon. Friend the Member for Selby (Mr. Grogan) is old enough to remember and perhaps to have been a drinker at the time of the Monopolies and Mergers Commission report in the early 1990s, which was blindly implemented by the then Conservative Government. Looking back, does he believe that that was a fundamental mistake that worsened the position? The Conservatives said that they would break up the monopolies of breweries, but in fact they passed over some of those monopolies to the pubcos.

Mr. Grogan: I want to explore that in my remarks. There were many unintended consequences of the beer orders, and I am anxious that there should not be other unintended consequences, if we ban the tie completely. I shall examine some of the proposals for reform of the tie. CAMRA, to which the hon. Member for Southport has referred, does not support the complete abolition of the tie, for reasons that I shall come to. However, it thinks, for example, that there should be rights for guest beers, and it has made a number of other proposals. I have suggested to CAMRA, because it has doubts about the market, that if the Select Committee on Business and Enterprise, which is currently considering the matter, recommends that this market be examined, CAMRA should make a super-complaint to the Office of Fair Trading, which it has a right to do under the Competition Act 1998, to have the matter examined for the 20th time. It would be a tragedy if for the next year or half year we were waiting for the Government to respond to the Select Committee's report, and many of the other issues that affect pubs were left on one side. That is one proposal.

The Association of Licensed Multiple Retailers has set up a committee to consider various clauses that could be inserted in the contracts between the pub companies and their lessees and tenants to make the situation fairer—to give long-term lessees the choice of paying a higher rent, which obviously would have to be determined in a fair way, and having a wider choice of supplies of beers, if they are willing to do that. That is another proposal. The Institute for Public Policy Research has reported to CAMRA and said that there should be a statutory code of conduct. A range of proposals are on the table and will be examined in the next year.

I do not want to take up too much time, because other hon. Members want to speak, but let me say why I do not think that the tie should be abolished and why I agree with the consumer body, CAMRA. First, the tie helps small brewers. I was once taken to the opera by a very big brewer. He took me to the opera for two reasons: to tell me that he certainly did not want minimum pricing and that he wanted the tie to go. Why did he want the tie to go? Many small, family brewers rely on the tie, because it gives them a guaranteed outlet for their beer supply and their markets. That is one reason why CAMRA does not want the tie to go. If we were completely to outlaw the tie as an economic model, an unintended consequence could be family brewers up and down the country going into liquidation and not being able to supply the pubs that they support. Sam Smith's in Tadcaster in my constituency—Tadcaster is now the only town in England with three brewers—is an example of a family brewer. There are many others.

Punch Taverns and Enterprise Inns come in for much criticism. They are big players in the market, and it is right that people should hold them to account, but they provide a market for some small beers. One of the big changes in the pub and brewing market in recent years has been the rise of the micro-brewers, the small brewers. On a day when my right hon. Friend the Prime Minister may need a little encouragement because not everything is going right for him, let me point out that he was responsible for small brewers relief and that he created a market. In fact, we made him beer drinker of the year for that. He has not yet accepted his award, but perhaps like his predecessor going to accept the congressional medal of honour after he stepped down, we can look forward to his accepting it sometime in the future. Some pub companies and pubs tied to brewers provide a market for small ales, and some of the small independent brewers certainly do not want the tie to go.

The long lease, which is characteristic of the arrangements made by pub companies, has to be examined. It has to be properly regulated, whether that is on a statutory or voluntary basis. Let us look back to the time of the beer orders, as my hon. Friend the Member for North-West Leicestershire has done. The complaint then was that there was no economic arrangement whereby someone with a small amount of capital—£25,000 or £30,000—could get a long lease, which potentially they could sell on if they grew the business in the meantime. The only leases available were short-term tenancies with the brewers. I would hate it if the only people who could go into the pub business were those who could raise perhaps £250,000 in capital to buy a pub outright. That has to be watched as well.

I have taken too much time already, but let me just say this. The hon. Member for Southport has said that it is possible to be too sentimental about pubs, and I think that it is. It is possible to forget that many of them are still dynamic businesses that give many people without much capital but with a bit of entrepreneurial initiative—regardless of sex, creed or colour, by the way—the chance to make an impact on our national life and to make a success of themselves. However, there should be a bit of room for sentimentality as well. That is why pubs always excite such passion in the House and why I and many members of the all-party beer group want to examine this issue and propose measures that will help not only tenanted, leased pubs, but all pubs. As Hilaire Belloc reminded us a long time ago:

"When you have lost your inns…you will have lost the last of England."

11.26 am

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow the hon. Member for Selby (Mr. Grogan), who is one of the world's greatest experts on the subject that we are debating this morning. I congratulate the hon. Member for Southport (Dr. Pugh), who has a knack of choosing subjects for these debates that interest North-West Hampshire. His last one concerned further education colleges—indeed, both subjects are of great interest to students in my constituency.

Not all the problems that confront pubs are due to the tie. As hon. Members have mentioned, other factors include changing social and leisure patterns, the recession, the duty on alcohol, the regulatory burden, business rates and, crucially, competition from supermarkets, which also sell alcohol. Those broader issues were discussed at the beer summit, which I attended, on 4 March in Room 10. It was attended by an array of Ministers, who, as far as I can see, have so for been unable to respond to the issues debated there.

This debate is about the tie—ownership. I agree with the hon. Member for Selby that there are some benefits to the tie, in that those without the capital to buy a freehold can run a pub and have a stake in its success. There are many well-run tenanted pubs with happy tenants and customers. There is not inevitably a tension between pubco and tenant, in that the more beer that is

[Sir George Young]

sold, for example, the better both parties do. It is also argued that the tie brings stability to the sector and to British brewing, although I am not as yet convinced of that argument.

If we are considering the case for radical reform, some philosophical issues need to be addressed, particularly by those in my party, before we advocate that Government should intervene in a private contract, freely entered into by the two parties, and, indeed, before we advocate that Government should actively restructure an industry. That appears to be the view of the present Government. In a written answer on 9 February, the Minister stated:

"I have not met with Pubcos to discuss beer pricing. This is a commercial matter for the businesses concerned."—[*Official Report*, 9 February 2009; Vol. 487, c. 1677W.]

Let me address the role of Government. The Government have intervened in landlord-tenant relationships for a very long time, where they believe that there is an imbalance. In residential contracts—for example, assured tenancies—there are clauses that the Government have insisted be there. In enfranchisement proposals for leaseholders, the Government have intervened in the relationship between a freeholder and a tenant and given that tenant certain rights that are perhaps relevant to this debate. People who live on mobile home parks have been given contractual rights by the Government that they could not get from the owner. On more commercial matters, the Government consulted in 2004 on removing the upward-only rent review clause in commercial leases.

I therefore see nothing sacrosanct about the tie that precludes the Government from intervening, if the case is made. Of course, the Government intervened back in the 1990s, as we have heard, to alter the structure of the industry in the name of competition, but pubcos now have the same grip on the industry that the three biggest brewers had then. If it was right for my party to intervene then, it is difficult to argue that it is not right to intervene now, if the case is made.

Agencies of the Government, such as the Office of Fair Trading, have taken an interest in pubs. In 2002, the OFT concluded that the tie had no major negative effects on the pub industry. In its 2004 report, the then Select Committee on Trade and Industry said:

"There is considerable scope for eliminating the root causes of such disputes",

which arose from the tie. It concluded that

"if the industry does not show signs of accepting and complying with an adequate voluntary code then the Government should not hesitate to impose a statutory code on it."

My views on the matter are subjective, and this is not something in which I specialise, but my understanding is that the root causes that the Select Committee mentioned in 2004 have not been eliminated and are still there.

I am influenced in that by two factors: a meeting that I attended earlier this month of licensees in Andover, nearly all of whom are pubco tenants; and what has happened to far too many pubs in my constituency, where a sequence of pubco tenants have simply been unable to make a go of their pub on the terms offered. On the first, I am grateful to Mr. Alex Gillies of the Station hotel in Andover for setting up the meeting. We covered a lot of ground, but there were two important concerns. One was the inability to buy beer as cheaply as people could buy it in supermarkets, after which they could consume it without supervision. Tenants are simply unable to compete effectively in the market for their prime products. Although I am not in favour of resale price maintenance, it is difficult for those of us who believe in competition, the marketplace and free trade to swallow such a significant restraint on trade.

The second issue is the uneven nature of the contract, which has been touched on. In one case, a tenant signed a lease on the basis of high turnover figures, without knowing that they had been preceded by a special offer. I will not repeat the points about the operation of the tie, but all the tenants whom I met had used solicitors, only subsequently to discover that small print in the contract was greatly to their disadvantage.

That brings me to my next point: I want to see greater stability in the industry. I see from the GMB union briefing that 32 per cent. of the Punch Taverns estate of 8,400 pubs changed hands in three years and that those that did changed hands twice on average. Too many tenanted village pubs in my constituency have a series of tenants, none of whom can make a go of the business. Tenants lose their savings, go bankrupt and become homeless or disappear, and the process starts all over again. Six months later, there is another failed business and another tenant. That is not good for the community or for the pubco.

I am interested in a more stable environment and a better business model. In the village of Ecchinswell, the villagers simply got fed up, and they bought the village pub, which is run by a not-for-profit company. I am a keen supporter of that solution, where the market has failed.

What should happen? I am not in favour of a ban on the tie, because that would be too dramatic, but it should be loosened, and we should move to a different business model over time. It would be better if we had more free houses where the publican owned the freehold, and I welcome the fact that the pubcos are selling, which shows that we are moving in the right direction. However, one licensee I talked to at the weekend said that his pub had been valued three years ago and that that was the value in the pubco books. He has offered a third of that price, which he believes is the pub's going value. If his offer were accepted, it would have enormous consequences for the balance sheet of the pubco, whose asset values would fall.

We should encourage a change in the business model, as the hon. Member for Southport has suggested, because that would lead to a more stable and profitable industry. In an Adjournment debate on 26 March, which my hon. Friend the Member for Tewkesbury (Mr. Robertson) initiated, the Minister said:

"We need to consider the role of tied houses and other pub companies, which, through differential pricing and the rents charged, have an impact on landlords…I will discuss with colleagues in the Department for Business, Enterprise and Regulatory Reform how we can better understand the sector and provide help."—[*Official Report*, 26 March 2009; Vol. 490, c. 551.]

We look forward to hearing at half-past 12 just what the Minister has been able to do.

As an interim measure, we should move towards obligatory clauses in leases, such as exist in other contracts. In the longer term, however, a combination of shareholder pressure on pubcos, pressure from the Select Committee,

whose report we await, pressure from the House and the availability of finance to enable tenants to buy pubs might move us from where we are to a different structure and a more sustainable and stable pub industry.

11.34 am

Greg Mulholland (Leeds, North-West) (LD): I pay tribute to my hon. Friend the Member for Southport (Dr. Pugh) for calling this important debate. He is one of the people who has been speaking out about issues affecting pubs, including today's subject. He has had the courage to speak out about something that many organisations do not want to have raised.

I want to start with a simple question: who owns the British pub? Morally the answer should surely be the community that it serves: the area or village, whether that is a rural village, town or suburb. Surely the moral ownership of a pub that might have been there for years—in some cases, indeed, hundreds of years—should be with the community, the area and the people living there. Legally, of course, apart from when a pub is the last one in a rural village, the community has virtually no say in the future of the pub.

What is the ideal pub? I echo the comments of the right hon. Member for North-West Hampshire (Sir George Young) that the ideal pub would surely be owned by the people who put in all the hours and run it to try to make it a success. It would also serve locally brewed beer, and, if it is a food pub, locally sourced food. There would be a genuine relationship between the business people and the people whom they serve in the community. A pub is much more than a business, but the sad reality is that in Britain today we could not be further from that situation.

David Taylor: The chairman of the new all-party save the pub group has presented an idealistic view, particularly with respect to rural areas. I represent a partly rural seat, and I believe that he represents a largely urban seat. When pubs are threatened, particularly in villages and sometimes on urban estates, does not a great deal of the welter of opposition and concern reaching MPs and others come from people who never go through the doorway of the pub in question? They have an emotional feeling that the pub should continue in their community, but they are not willing to sustain it in any commercial or social sense. Is that not the problem?

Greg Mulholland: As the hon. Gentleman knows, one of the things that the save the pub group wants to do is encourage people to visit pubs. However, my answer to the hon. Gentleman is no; he has described a problem, but the problem that we are discussing today is ownership.

Who is closing pubs in this country? The bitter irony is that the vast majority of closures are being carried out by the very companies that protest loudly about the future of the British pub. I want to challenge a comment made by the hon. Member for Selby (Mr. Grogan), for whom I have huge respect as the chairman of the all-party group on beer—I am proud to be an executive committee member of that group—because the simple reality is that fictitious figures are being circulated. In any town in the country, one can see "To let" boards hanging from pubs. It is what is called churn or turnover. When a licensee leaves a pub we are, I am afraid, talking in almost every case now about the failure of a small business. Often that is accompanied by a story of human misery—sometimes tragedy. We cannot ignore that, yet the big pub companies will not tell us about it. We are told, "Oh, they are temporary closures. They are not real closures."

We need to be clear that it is not free houses that are threatened. Of course, there are issues to be raised with respect to all pubs, and we all want to challenge the supermarkets on their low pricing and were disappointed by the duty decision last week. However, we must concentrate on the fact that, as has been said, the playing field is now, to an impossible extent, not level between the free houses and the tenanted pubs of some—I stress the word "some"—of the very large pub companies and the large and medium-sized brewers.

Mr. David Drew (Stroud) (Lab/Co-op): I apologise for missing the early part of the debate. I commend the hon. Gentleman on the report that he submitted—I know that others helped—to the Select Committee on Business and Enterprise. It is a very good report.

I have a friend who is a publican. I feel strongly about the fact that publicans cannot know the context in which the pubcos work. It is a completely one-way negotiation. I have gone through with her some of the problems of trying to get clarity about what the pubco expects of her; it is the greatest unfairness. I know that that features in the report, and perhaps the hon. Gentleman will say something about it.

Greg Mulholland: I thank the hon. Gentleman for his comments, which I agree with, and for his help with the submission, which will, of course, be published when the Committee publishes its final report.

The simple reality is that, even since the 1986 beer orders, the situation regarding the tie—we must not be lazy, because we are not talking about one thing or one model—has changed out of all recognition. We no longer have the old paternalistic breweries that supported their tenants; we now have property-owning companies—that is what they are—that, frankly, have little interest in what happens to pubs in each area. If anyone says otherwise, why are some of the large companies slapping restrictive covenants on pubs as they close them, simply to prevent the properties ever being pubs that serve the community again? That is a scandal. Will the Minister say when the Government will legislate to prevent that? He will not find a single Member of the House who thinks that that is acceptable behaviour.

What has changed since 1986? It is a little bit like the situation with the banks. When times were good, sales were allowed to billow, and I am afraid that we saw some extremely irresponsible business practice. The large pub companies have taken on £20 billion of debt. To feed that debt—this is what we should be talking about, rather than whether there should be a tie—those pub companies are having to extract money from their pubs through unreasonably high beer prices and unreasonably high rent. Those things are not balanced.

The two large pub companies, Punch Taverns and Enterprise Inns, pay approximately £750 million per annum to bondholders and banks, much of which goes abroad, which is entirely unsustainable. To give a simple figure, servicing the debt costs £55,000 per pub in this country. That is a profound reason why pubs are closing.

[Greg Mulholland]

As my hon. Friend the Member for Southport has said, the model has become skewed. Servicing debt is what is closing pubs.

We must send the message that we absolutely need reform. We simply cannot take the excuses that come from those in the pubcos who say that their pubs are not closing when we can all see it happening. We cannot believe that such an enormous and unsustainable debt is not a great threat to the British pub, because it blatantly is. We must have reform.

As the hon. Member for Stroud (Mr. Drew) and the right hon. Member for North-West Hampshire have said, some of the contracts between companies and their tenants are outrageous. Every time somebody buys out—in other words, when they buy beer outside their contract—they are slapped with a huge, five-figure fine. Who polices that? The pub companies. Is there any right of appeal? No, there is not. Some contracts have clauses that force tenants to take on insurance. Although the upward-only rent reviews have gone—that was the only 2004 Select Committee recommendation that was acted on—we still have the retail prices index rent increases in annual agreements. There are countless examples. I am frankly amazed that some of the things in the contracts are legal in British and European law, and they need to be challenged. Will the Minister look at the matter closely? If those things are currently legal, they should not be.

There is no right of appeal for tenants in such situations and no right to independent arbitration. Those agreements must be changed in a series of ways, if they are not to continue leading to situations in which abuse takes place. That is a strong word, but people feel that they have been abused. Let me a quote a few of the many, many letters and e-mails that the all-party save the pub group has received. I will not name the pubs, because the large pub companies are astonishingly litigious. Those companies spit out solicitors' letters as soon as anyone dares to criticise them, and I do not want to get tenants into trouble.

I received this letter from a pub in Essex:

"Enterprise Inns are a debt-ridden company. They have to tie their pubs and charge extortionate prices for their ale. They do not have any understanding of our businesses nor do they care…Something needs to be done. We are a very viable business, but it is being undermined by Enterprise for its greed. They should be assisting tenants, not hindering them. The sad thing is all we can do is fight them or walk away."

A letter from a Punch pub in Watford said:

"Last week, a visiting publican, during a conversation, worked out that through my rent and beer purchases, Enterprise Inns makes over £260,000 a year out of my pub. He called it 'obscene'. As I said, I make a living…Enterprise Inns and the tax man can make the fortune my customers think I am making."

Here is a case from my own constituency:

"If I knew what Enterprise Inns were like, I would not have taken on one of their pubs and wasted all my life savings—it is disgusting."

I could go on. The save the pub group has had countless letters and e-mails from all over the country saying exactly the same thing.

Something must be done. CAMRA believes that something should be done, and it has made it explicitly clear that the system of pub ownership created by the pub orders is closing community pubs. It wants to see the issue referred to the Office of Fair Trading. However, that is no good, because time is running out for pubs in all our constituencies up and down the country. Unless we have real reform and soon, we will lose thousands of pounds because of this business model. That is the simple reality, and I challenge the Minister to go away and consider the issue. We were very disappointed by the beer duty decision last week, and we will carry on campaigning to try to have that reversed. Nevertheless, I ask the Minister to consider this issue and to come back with proposals to replace the existing model, which, as my hon. Friend the Member for Southport has said, no longer works for tenants, pub customers or the debt-ridden companies themselves.

What I am concerned about is that the situation is closing pubs. We must have fair rent, transparent and independent rent reviews and an end to the grossly excessive prices that are charged to tenanted pubs. For example, Enterprise Inns has raised prices above the level of inflation over the past few years, and yet it has said how concerned it is about beer tax—as we all are. We must have real and serious reform. Simply referring this desperately important matter to the Office of Fair Trading would be to kick it into the long grass.

My challenge to the Government is to go away and consider some of the proposals on the table. For example, they should look at making the operation of the tie subject to a time limit, so tenants have the chance to opt out in a review after three years. We would be saying to pub companies and breweries, "If it is such a good model for the tenants, as you say it is, surely they will continue with the operation of the tie."

Lorely Burt (Solihull) (LD): If there were an opt-out, as my hon. Friend has said, what would happen to the tenants who were not in a position to go ahead and buy the pub? What would happen to the model? Is he suggesting that we change the whole model and have a different type of tie, or is he suggesting that we abolish the tie all together?

Greg Mulholland: I am suggesting that a tied relationship could have a maximum length of operation after which there would be an opt-out for both sides. We have seen people tied in for many years. Many have lost their life savings and houses and have been pursued incredibly aggressively by some companies. There is no question but that we need a mandatory code of practice. How on earth can those people who are closing pubs—in some cases, they are abusing their tenants—be the ones who are considering how the industry should operate? We need restrictive covenants. One concern is about what happens if a number of those companies go to the wall, which is not out of the question considering the level of debt. I appreciate that this is not the responsibility of the Minister present today, but if we are serious about the community pub, we must enshrine it in planning law and give every community a right over its future. We cannot have pubs being closed to service debt or to deal with shareholders and bondholders who are abroad, but that is what is happening.

David Taylor: I speak as a signatory of early-day motion 1272, which proposes outlawing the tie. The hon. Gentleman wants substantial reforms; perhaps

one that he might consider and find attractive would be for pubcos to have a maximum of only 1 or 2 per cent. of British pubs within their ownership. That would give protection to the medium-sized regional breweries that are struggling. Such breweries have a great deal to offer and do not operate in the way that has been colourfully described with reference to pubcos.

Greg Mulholland: I thank the hon. Gentleman for that intervention and for his contribution to the Select Committee. As he knows, I would advocate that measure, because the concentration of ownership in a few companies is a bad thing and is closing pubs. On its own, however, it would not change things, because the model itself is wrong. One unfairly treated or exploited tenant is also an issue, and we must look at that.

The final recommendation, which I wish the Minister to take seriously, is that of giving tenants the right to buy at market rate. The right hon. Member for North-West Hampshire has already mentioned the absurdity that the big companies purportedly offer their pubs to their tenants. I will give one example from Otley where I live. A pub valued independently at approximately £450,000 was offered to the tenant for £1.2 million. That is what is happening, and that is why people cannot buy their pubs and serve their communities. I advocate that communities should be given the right and opportunity to buy a pub before it is closed.

To conclude, if we are serious about saving the great British pub—let us not make any bones about it; that is the situation that we face—we must reform an entirely unsustainable business model that leads to a skewed relationship, which in some cases borders on abuse. We must put more power in the hands of communities. We want to see more pubs owned by people and landlords, but we will not get that unless we address the market and the way in which it operates. It is time to put the British pub back in the hands of the British people.

Mrs. Joan Humble (in the Chair): Order. I must call Front-Bench speakers at 12 noon. That leaves eight minutes and there are two hon. Members who wish to speak. I hope that they will show great forbearance in limiting their speeches so that I can call them both.

11.53 am

Mr. Laurence Robertson (Tewkesbury) (Con): As my neighbour in Gloucestershire, the hon. Member for Cheltenham (Martin Horwood), also wishes to speak, I would not dream of taking too long. I congratulate the hon. Member for Southport (Dr. Pugh) on securing this debate. It is a slight variation on the one that I secured before the Easter recess, which was about the future of pubs more generally. I requested that debate because of the figure of 39 pubs that are closing a week—I think that the hon. Gentleman said 40, but we shall not argue about that. Whichever number it is, it is very alarming. In that debate I tried to explore some of the reasons for the pub closures.

I will return to the pubco situation in a moment, but I do not think that we should let the Government off the hook as lightly as we seem willing to do. They have been well aware of the number of pubs that are closing. They increased the cost of alcohol last year and have done it again in the Budget. When they put VAT back up to 17.5 per cent.—as they surely will—the cost will go up yet again. They do not seem to be aware of what they are doing, and it is important to remember that. Then we have the supermarkets. I have nothing against supermarkets that sell alcohol as a loss leader. They sell it very cheaply and it is consumed very responsibly by some, and less responsibly by others. That is what the pubs must face. A number of other measures have caused the pubs to close on the back of that, and now that the Minister has returned I will say again that we should not let the Government off the hook. They are helping to close pubs and should not continue to do so through the taxation policy that they follow. They take almost £15 billion a year in taxation from the drinks industry, and they should not squeeze it any more than they already have.

Normally, when I stand up to speak in this place I have a particular point to make. I am not quite sure where I stand on pubcos, so one might ask, "Why bother speaking in the first place?" Well, in the couple of minutes that I have left, I want to say that we need to balance the debate a little more than it has been balanced today. I really come down on the side of my right hon. Friend the Member for North-West Hampshire (Sir George Young), who says that we should probably look at this issue a little more cautiously. I want to see the conclusions that the Select Committee reaches when it publishes the results of its inquiry. At the moment, I would not rush into abolishing the tie.

I am a regular patron of pubs and I have listened to many pub landlords who say, "We have got to get rid of the pubcos". However, they all seem to rush towards the pubcos when they want to take the pubs on, and I wonder whether a strengthening of their position through their own actions might be a better way forward. I understand what my right hon. Friend says, which is that the Government can intervene in free markets, and he gave many examples where that has been the case; I understand that point. None the less, we really ought to be very careful on this issue. We all want to achieve the same thing, but I remember that the beer orders—I think that I am right in saying that they were introduced in 1989—did not achieve what they were meant to achieve. The last thing that I want to do is introduce further legislation—well-intended legislation, as most legislation is—and not solve the problem but actually make things worse. It is possible that we could do that.

We must look at all the considerations. For example, would it be better if companies simply rented out the premises and did not have an arrangement with regards to beer, or would that lead to rent being a lot higher than it is now? We have to consider all these elements before we rush to judgment on this issue.

I do not want to take up any more time; I know that the hon. Member for Cheltenham wishes to speak. However, I just want to urge a little caution about this issue. Yes, let us look at it extremely carefully. I am well aware of the complaints that are made against pubcos and I do not seek to represent pubcos at all. Nevertheless, I think that we should engage with pubcos to discuss the way forward.

I am a member of the all-party save the pub group and the all-party beer group. We have discussed these issues with licensees, but we should also discuss them with pubcos and see if there is not a better way forward before we rush towards introducing what could be inappropriate legislation.

11.58 am

Martin Horwood (Cheltenham) (LD): I want to congratulate my hon. Friends the Members for Southport (Dr. Pugh) and for Leeds, North-West (Greg Mulholland), both of whom are proving to be great champions of the traditional British pub. It is also a pleasure to follow my neighbouring MP, the hon. Member for Tewkesbury (Mr. Robertson), and to see such good representation by Gloucestershire MPs from all three main parties in this debate.

We are losing 40 pubs a week in this country, or something of that order. That is a national crisis. It may not compare with climate change, global recession or even pandemic flu, but after we have spent all day contemplating those global catastrophes we need a pint and somewhere good to drink it in.

[MR. CLIVE BETTS *in the Chair*]

Unless we defend the British pub, that place to drink will not be available. These social and community hubs will continue to be lost. Furthermore, as other hon. Members have said, pubs are environments in which responsible drinking is naturally controlled, because landlords and bar staff keep an eye on people and there is also peer group pressure among drinkers in pubs that simply does not operate in the type of drinking environments that are starting to develop elsewhere. So pubs are an important weapon, if you like, in the war against binge drinking.

In the time that I have available to me, there are two issues to which I want to alert hon. Members. The first is planning. It is quite rightly said that not all pubs are closing because of the tie. The Greyhound pub in my constituency, which is a popular community pub and a viable business, is closing despite huge support from the community and unanimous opposition to its closure from the local council. It is closing because the private owner wants to increase the land value, presumably with a view to a potential sale. He has planning permission to convert the pub into flats. That planning permission was initially refused by the council, but the council's decision was overturned on appeal by an inspector who spent a few minutes in the local area. It will be a tragedy for the local community if that pub closes.

The Sustainable Communities Act 2007 offered some hope that we might be able to counter such actions, but when we read the small print, we found that there was precious little that the local council could do to defend local pubs. We need to pay attention to that.

On the tie, my constituent Simon Daws runs the Royal Oak in Prestbury, in the constituency of my neighbour the hon. Member for Tewkesbury. Mr. Daws suggests a restricted form of tie that offers an interesting alternative. He suggests that the tie, if not abolished, could be reformed to guarantee a list of products—for instance, one draught ale, one draught lager, one bottled beer, one red wine, one whisky and so on—that the landlord could offer free of the tie.

The system would have the advantage of offering consumers more choice and presumably more competitive prices, and enable them, for instance, to support local beers from microbreweries. The licensees, as Mr. Daws says, would clearly

"see a margin increase in the Listed Products, benefiting profitability. They could source which ever product they chose, from wherever they chose. Fewer licensees would be on the breadline and more pubs would remain open."

The brewers would retain a presence in the market, but they might have to stop subsidising supermarket sales in the off-trade from pub sales in the on-trade. That would have the knock-on benefit of discouraging the kind of pricing regime in supermarkets that we see as a major contributor to binge-drinking culture.

Clearly, the pub companies would not be completely enamoured of the proposal, but they would still retain by far the largest percentage of products on display on the bar. They would still have an interest in maintaining the pubs' viability, but would be pressured into more competitive pricing. That is an entirely good thing, because within their doors, all such pubs are monopolies. As my hon. Friend the Member for Southport rightly said, in the end, our obligation is not to the shareholders of pub companies; it is to local communities. If we manage to achieve sensible reform of the tie, pubs will be more open and more attractive, offering a better range of drinks. They will be more connected to local communities and more competitive with the supermarkets. That offers a positive future. If we do not reform the tie, local communities will continue to lose their pubs and their heart.

12.2 pm

Lorely Burt (Solihull) (LD): Thank you, Mr. Betts, for showing leniency to my hon. Friend the Member for Cheltenham (Martin Horwood) in his interesting and worthwhile submission and suggestions. I congratulate my hon. Friend the Member for Southport (Dr. Pugh) and all those who have spoken in this debate. It has been an interesting and well-considered report from knowledgeable people.

I know that running pubs is tough, because I had a small pub company myself at one point in the late '90s. Revolving-door tenancies have been referred to; interestingly, the situation was just the same then. Economic circumstances, changes resulting from the beer orders and changes to the whole culture and nature of British life, which used to embrace the pub to a far larger degree, were taking their toll at that time.

There is, or should be, a symbiotic relationship between the pubco and the tenant. If one fails, both fail. It should permit entrepreneurs who want to have a pub but cannot afford to buy one to use their entrepreneurial talent. There are four basic models of pub in the United Kingdom: managers, the free house, the tie and the lease. The benefit of the tie is purported to be vertical integration. The pubco should provide business support, and it gives a three to five-year contract. The quality of the business support can vary. The pubco maintains the property, but a tie is on the beer and often, although not always, on other drinks as well. That is open to negotiation between the company and the tenant.

Martin Horwood: Not from the examples that I have quoted but from talking to other tenants in my constituency, I discovered that the relationship in negotiating the contracts is so unequal that it does not offer the landlords much realistic chance for leeway.

Lorely Burt: I am grateful to my hon. Friend. Obviously, the situation will vary. The theme running through the debate is the perceived inequality in the relationship between the pub company, which seems to hold the

cards, and the tenant. It has almost been portrayed as a David and Goliath relationship, but both have to benefit; otherwise, neither will.

Greg Mulholland: The problem is precisely that tenants are not benefiting—indeed, they are failing—but that has no impact on the pub company's bottom line. The relationship that my hon. Friend describes therefore simply no longer exists.

Lorely Burt: I would disagree with my hon. Friend in that the failure of any pub must be a failure for the pub company, as well as a cost to it. However, I take his point and I am trying to be fair in dealing with the question of equality between the two groups.

On the lease, there is the longer-term benefit to the lessee, as well as greater security of tenure. There is also the tie on the beer, but the lessee is responsible for the building and for maintenance. There are also the benefits of assignment, which are one of the major issues on which tenants want greater security. Those benefits have largely been lost in recent years. Finally, industry representatives tell me that much of the pressure over the problems of the tie is coming from lessees rather than tied managers.

The Fair Pint campaign opposed the tie and wants pubs to be sold to licensees at fair prices. Could tenants afford £250,000 or £1 million to buy a pub? If not, rents would have to increase. Such proposals would also mean pubcos being split into the wholesaling and property businesses, and we have heard extensively about pubcos' problems with property, which are putting pressure on their relationship with tenants. The proposals would also mean that landlords could buy beer on the free market, but the pubcos say that their big purchasing power would be lost. They also say that international brewers would benefit and fill the gap when UK brewers did not satisfy demand, but I am not entirely sure that I buy that argument. Who buys the brewers' beer now? Surely, our existing market would be able to satisfy a differently structured pub sector. Finally, the chair of the all-party group on beer has talked about smaller breweries benefiting from the tie.

The problem is the imbalance in power, and I want to make a few suggestions about what could be done. A lot of the problem is the result of unskilled people moving into pubs without necessarily understanding what they are letting themselves in for. The pubcos should give people far more than the typical one week's training, which is totally insufficient. It is in the interests of both parties that much more aware and trained people take on pub leases.

The Department for Business, Enterprise and Regulatory Reform has talked about ending upward-only rent reviews, and I understand that that is now in the code of practice and is being implemented. I hope that somebody has told the tenants, although I do not know whether they have. There should be transparent contracts, and small print should be outlawed. The code of conduct needs to ensure that that happens by providing for some form of due diligence.

The practice of restrictive covenants, which my hon. Friend the Member for Southport mentioned, must stop. The code of practice now gives a greater number of successful tenants the right to buy their pubs. Where a pub is being sold or closed, the tenant should have first right to buy.

We are in difficult economic times. We have the credit crunch, the beer tax, smoking and supermarkets: we can do something about supermarket under-pricing with a minimum pricing system. We are living in tough times. With the pubcos in so much property debt perhaps it is time to change the model; but that model will work only if both parties benefit.

12.10 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): There are more than 58,000 pubs in the UK, directly employing 600,000 people. The sector contributes approximately £28 billion to the UK economy. In addition to their economic importance, as the hon. Members for Southport (Dr. Pugh), for Selby (Mr. Grogan), for Leeds, North-West (Greg Mulholland) and for Cheltenham (Martin Horwood), my right hon. Friend the Member for North-West Hampshire (Sir George Young) and my hon. Friend the Member for Tewkesbury (Mr. Robertson) said in their own ways, pubs are often the centre of their communities. A third of UK adults socialise in a pub at least once a week and following the wholesale closure of our post offices in the past decade they are sometimes the last remaining amenity in small communities. All in all, the pub trade is very valuable to our country, so I congratulate the hon. Member for Southport on obtaining the debate.

In spite of the facts that I have just outlined, as the hon. Member for Selby and other hon. Members said, the number of operational pubs in the UK is in steep decline. The British Beer and Pub Association estimates that 39 close each week. If that trend continues, more than 7,500 pubs will shut by the end of 2012. That is one in eight British pubs. In the past 12 months alone more than 2,000 pubs have closed, with the loss of 20,000 jobs. Unsurprisingly the brewing industry is suffering too. Since 1997 there have been 37 major brewery closures and more than 5,000 job losses. That amounts to more than 25 per cent. of all brewing sector employees. I have just heard that in the last quarter beer sales were 8 per cent. down overall. That is 6.3 per cent. down in pubs and 11 per cent. down in supermarkets. In recent months the Conservatives have launched a campaign in support of the great British pub. Responsible pubs and considerate, informed, socially aware drinkers have a positive role to play in communities throughout the country, and our nation would be a great deal worse off without them.

Landlords, brewers and beer drinkers each have a slightly different view of what is driving the decline, but common issues frequently crop up. One of the most controversial, as the hon. Member for Southport pointed out, is the supply tie or beer tie. Approximately 30,000 British pubs are subject to some form of tie, and a further 9,000 are directly managed by, for instance, a retail chain. The remaining 18,000 are free houses. Pubcos and the BBPA are adamant that supply ties are fit for purpose. They argue that rents are often lower for tied tenants than for those operating a free house; that property maintenance usually remains the responsibility of the freeholder; and that taking on a tied pub offers a low-cost entry to a self-employed business. They also state that when a tie is in operation the pubco has a vested interest in the success of the pub.

Many tenants and campaigning organisations such as the Campaign for Real Ale argue the opposite, however. They believe that the large pubcos are so

[Mr. Jonathan Djanogly]

saddled with debt from freehold acquisitions of the past two decades that simply servicing it dictates that they place tremendous burdens on their tied tenants. The hon. Member for Leeds, North-West made that point very well in his call for more community holding of pubs. I should appreciate the Minister's view on the anti-competitive practice of imposing restrictive covenants on pubs when the freehold is disposed of.

As several hon. Members stated in the debate, in 2004 the then Select Committee on Trade and Industry recommended that exclusive purchasing agreements—ties—are desirable only if, in broad terms, the benefits equal or outweigh the costs. To me that seems a sensible business proposition, but one that is very much determined by the individual tenant and lease. The hon. Member for Southport does a significant disservice to the innovation and competition brought into the sector by the previous Conservative Government, as my right hon. Friend the Member for North-West Hampshire explained. In 2000 the Office of Fair Trading undertook a review of the pub and brewing industry and decided that the market had undergone significant structural changes, with only about 15 per cent. of pubs now owned by brewers and large independent owners making substantial inroads into the market.

Dr. Pugh: I understand what the hon. Gentleman is saying, but the point I was trying to make was that at that point—and it was not to be anticipated, but was an unintended consequence—because the purchasers were private equity houses, which borrowed the money, there was a huge dead weight cost on the industry, which had not been there before 2000.

Mr. Djanogly: I understand the hon. Gentleman's point, but he will also appreciate that markets and models change. Big debt structures are not exactly flavour of the month in the City, so he will probably not see too many of them in the near future.

The review led to the repeal of the beer orders that regulated the ties. In 2005, the Competition Commission suggested that the OFT revisit the pub and brewery market and focus particularly on the impact of pubcos rather than just breweries, but after conducting a preliminary study, the OFT decided not to proceed with an investigation. Clearly, it is a matter for the OFT and the Competition Commission. At this stage, we should respect their judgment on the matter. As we have said on many occasions, legislation should be a last resort, not a first resort, especially when it has the potential to create a regulatory burden on business. The current economic situation renders that a particularly salient issue.

Equally, where it exists, uncompetitive practice is not sustainable in the long term. We are hopeful that the market will develop in a transparent and competitive manner and that pubcos and breweries will work hard to ensure that, when a tie forms part of a lease, it is appropriate, and that the tenant as well as the freeholder derives benefit from it. The hon. Member for Selby made a solid case on the issue, but I also accept that if regulation becomes necessary, we should act, as my right hon. Friend the Member for North-West Hampshire said. My hon. Friend the Member for Tewkesbury suggested a similarly cautious approach.

Modern pubs, whether tied or not, face other challenges. As my hon. Friend made clear, one such challenge is the Government alcohol taxation and the growing disparity between the price paid for a pint at the bar and the price paid at the checkout. According to the BBPA, 84 per cent. of pubs are small, family-run businesses. They may be owned by a parent firm, but their operation and cash flow is managed day to day by the publican and several staff. The BBPA argues that those small operations cannot simply absorb increasing tax and regulatory costs and that they must pass them on to consumers. By contrast, as my right hon. Friend the Member for North-West Hampshire pointed out, supermarkets are simply not burdened in the same way. Alcohol is frequently used as a loss leader to encourage consumers into stores.

It is wrong to pretend that the market for alcohol is entirely price dependent and that cost is the sole factor operating in the mind of a consumer when they decide whether to drink at the local pub or at home, but it is equally wrong to suggest that the price of alcohol has no impact on such decisions. We believe that setting a minimum price per unit of alcohol is not the way forward on the issue—at least not at this stage. It is too much of a blunt instrument. We should avoid penalising every responsible adult who simply likes the occasional quiet drink by inflating the price of all alcoholic products. That is why we propose using the tax system to help pubs and to target binge drinking. We are pressing for a revenue-neutral package of changes to alcohol taxation. The proposals would mean that tax would fall on some drinks, such as moderate strength beer, and that it would rise on some problem products, such as high-alcohol cider and alcopops.

We would also deal with irresponsible drinkers and premises by enforcing existing laws with greater energy and zeal and by encouraging more voluntary schemes. That would not only make our streets more pleasant, but result in lower costs for responsible pubs, whose insurance and security costs are high because of the behaviour of other establishments.

Unfortunately, the only Government response to the plight of pubs and alcohol-related disorder was to increase alcohol duty by 2 per cent. in the Budget last week. As the hon. Member for Southport said, tax increased significantly last year but, as the Government must realise, tax revenue fell by £17 million. There is certainly more to the issue than tax. However, that was just one component of Labour's dishonest Budget. I challenge the Minister to deny that it is a tax on the many, not the few.

12.19 pm

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): I congratulate the hon. Member for Southport (Dr. Pugh) on securing parliamentary time for the debate. I also congratulate my hon. Friends the Members for Selby (Mr. Grogan), for Stroud (Mr. Drew) and for North-West Leicestershire (David Taylor); the right hon. Member for North-West Hampshire (Sir George Young); and the hon. Members for Tewkesbury (Mr. Robertson), for Leeds, North-West (Greg Mulholland), for Cheltenham (Martin Horwood), for Castle Point (Bob Spink), for Solihull (Lorely Burt) and for Huntingdon (Mr. Djanogly) on their remarks.

The hon. Member for Huntingdon, in peddling the usual line from the Conservative Front Bench, once again failed to say what he and his party would do about taxation. If he is concerned about the increase in drinking duty levied in this Budget, how would he find the additional revenues?

Mr. Djanogly: I have to say that I did not exactly say what we would do in terms of tax, which is to reduce the tax on low-alcohol products and increase it on the higher-alcohol products.

Mr. Thomas: Interestingly, the hon. Gentleman did not acknowledge what the revenue impact of the particular package—

Mr. Djanogly: Will the Minister give way?

Mr. Thomas: Let me just say that the hon. Gentleman claimed that his package would be neutral, yet in the same breath he attacked the Government for increasing the duty by 2p. I recognise that he has his get-out clause. I hope that he will recognise that he has not been clear with the House about where the additional revenues would come from if he and his Front-Bench colleagues reduced the duty.

A previous debate on the subject was secured by the hon. Member for Tewkesbury, and the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), who is in his place ready for the next debate, replied for the Government on that occasion. Some of the issues considered in that debate have been raised again today. I accept, as do all parts of Government, that pubs have traditionally been at the heart of communities as places to meet and as the focal point for many local groups and activities, and that they are a hugely important source of employment.

I should mention the experience in my constituency, where a series of pubs have closed. Before the recession, pubs such as the Railway Inn, the Rayners and Matrix closed, perhaps, as the hon. Member for Cheltenham mentioned, because their landlords sought increased value and alternative uses for the sites.

Martin Horwood: I would like to make it clear that in referring to the landlord, we are talking about the owner of the property, not the landlord of the pub.

Mr. Thomas: Let me mention something that the right hon. Member for North-West Hampshire referenced: the meeting that took place on 4 March between five of my ministerial colleagues and Members of Parliament to hear concerns about the future of the pub trade. I would like to make it clear that the drinks industry also met my noble Friend Lord Mandelson and the Chancellor in the run-up to the Budget.

I accept that these are challenging times for the pub and hospitality sector, as is the case for a number of sectors during the economic downturn. As my hon. Friend the Member for Selby said, the pub sector has been looked at long and hard by various organisations and committees in recent years. Most recently, the all-party beer group held an inquiry on community pubs and made recommendations covering a broad spectrum of issues extending across a number of Departments. The Government's response to that all-party group report is being finalised and will be available shortly. I hope that right hon. and hon. Members understand that I will not anticipate or pre-empt that response.

As the right hon. Member for North-West Hampshire mentioned, in 2004, the Trade and Industry Committee published a comprehensive report on pubcos and concluded that no one pubco held a dominant position in the market. The Committee referenced the fact that small brewers might be disadvantaged by the requirements set by pubcos and said that the cost of beer ties are usually balanced by the benefits available to tenants. It said that splitting the wholesaling and property functions of pubcos by removing the beer tie could lead to national brewers having a virtual monopoly on beer wholesaling, as before the beer orders. The Committee concluded that the British Beer and Pub Association code of practice should be updated.

The Committee made just one recommendation to Government, which was that a statutory code of practice for the sector should be imposed if the voluntary code was considered ineffective. The Government's response was that we saw difficulties in imposing terms and conditions in an area subject to commercial arrangements and where existing legislation would not allow us to impose such a code. That view still holds, but I will reflect further on the ideas proposed today by hon. Members.

Hon. Members will know that ensuring that markets operate freely and, crucially, fairly is in general a matter for the independent competition authorities rather than Government, as the Enterprise Act 2002 removed competition decisions from Ministers and put them in the hands of the Office of Fair Trading and the Competition Commission.

The relationship between pub-owning companies and their tied tenants has been investigated by the OFT and the European Commission. All investigations have concluded that tied lease agreements do not raise competition concerns. To date, the Commission and European courts have decided that agreements between pubcos and their tied tenants do not foreclose the market to competing brewers, as pub chains buy their beer from a number of different sources.

I have seen reports suggesting that no pubco has more than 15 per cent. of public house ownership in the UK. As some hon. Members will remember, the Trade and Industry Committee concluded that the costs of beer ties are usually balanced by benefits available to tenants. Indeed, the hon. Member for Tewkesbury, during his Adjournment debate in the House on 26 March, identified the fact that only 14 per cent. of closures are of pubs owned by any of the top six pubcos. I understand further that in evidence to the current investigation by the Select Committee on Business and Enterprise, CAMRA said that the beer tie provides a low-cost entry to pub ownership, is beneficial for medium-sized family brewers, means that pubcos' share in declining beer sales and prevents the domination of the market by the global brewers.

In that context, the Business and Enterprise Committee launched an inquiry to follow up the work of the Trade and Industry Committee. In revisiting the subject, the Committee is interested to know whether the conclusions from the 2004 report should stand. Hon. Members will recognise that the Government have yet to see the

[Mr. Thomas]

conclusions in the Committee's report. It would be a foolish Minister who rushed in before having seen the recommendations of the Department's Select Committee.

Dr. Pugh: Can the Minister clarify the Government's position? I totally accept that the tie passes all the usual competition hurdles, whether set by the EU or by the Competition Commission, but many Members around the Chamber have made a good case—a good prima facie case, anyway—for a degree of regulatory reform that may and probably will stop short of abolition of the tie. Is he saying that the Government's current position is that they are not considering any regulatory reform that will affect the tie in any way?

Mr. Thomas: I said earlier that I would reflect on the comments made about the tie by the hon. Gentleman and a number of other hon. Members. The current position is the same as that set out in the Government's response to the 2004 Trade and Industry Committee report, but a number of hon. Members have suggested ideas and, as I said, I will reflect on them.

I was asked a couple of specific questions about planning issues by the hon. Members for Leeds, North-West and for Huntingdon. Considering the time remaining, I may have to write to both hon. Members about restrictive covenants and planning policy. We are talking to the industry and will talk to other stakeholders before a consultation on the future of the Competition Act 1998 (Land Agreements Exclusion and Revocation) Order 2004, which deals with restrictive covenants. I will write to the hon. Member for Leeds, North-West about the broader issue of planning law.

Listed Sporting Events

12.30 pm

Mr. John Grogan (Selby) (Lab): It gives me great pleasure to introduce the debate. Lord Liverpool, who was the longest serving Prime Minister of the 19th century, referred to the people's pleasure. This morning's debates—the one about pubs that we have just concluded and this one about the concept of listed sporting events that are available to all—relate to two modern-day people's pleasures.

There is a link between those two debates. I invite hon. Members to look forward to the World cup in South Africa next summer, which is the first ever football World cup to be held in the continent of Africa. Every pub up and down the land—even the most marginal ones—will be able to put a television in the corner, so that everyone can enjoy the World cup. Restaurants throughout London will be able to install televisions, and different nationalities in our great capital city will be able to watch the game. Schools up and down the country will be able to put a telly in the corner and, if there is a big match, the children will be allowed to watch it. Old people will be able to watch the football at coffee mornings and people will be able to watch it in their homes. Rich or poor, young or old—everyone will be able to watch the football World cup.

We take that for granted, but that is the case because of the concept of listed events. I remind hon. Members that that concept survived by one vote in a House of Lords debate in 1996. We should never take that concept for granted. It is now being reviewed by the Government. I welcome that review, which is something that I have called for in Westminster Hall debates over the years. However, it is possibly not just because I was so persuasive that the review is taking place—I would like to think so, but I doubt that is the case. There are other agendas, to which I want to draw the House's attention.

Bob Spink (Castle Point) (Ind): The hon. Gentleman is right to link the two matters. Does he perhaps think that Sky's charging policies for private members and social clubs for sporting events has forced the issue forward? I hope that the Government will react to that. I congratulate him—

Mr. Clive Betts (in the Chair): Order. If an hon. Member intervenes in a debate initiated by another hon. Member, it is customary that they seek permission beforehand from the hon. Member concerned, the Minister and the Chair to do so.

Bob Spink: Then I apologise, Mr. Betts.

Mr. Grogan: The issue to which the hon. Gentleman refers is something that the Minister is taking up and might talk about in his closing remarks.

I wish to warn the House and, indeed, football supporters up and down the country, that FIFA—the governing body of world football—has made it perfectly clear to Ministers and the Football Association authorities that if we want to get the World cup in 2018, we have to amend our listed events legislation and that we have to substantially de-list the World cup. Ministers and the FA authorities are under pressure, which is one—although not the only—reason why the listed events review has been brought forward.

In recent weeks, two events have not exactly changed my life, but have opened my eyes. For the first—and probably the only—time in my life I was invited to the royal box at Wembley. As chairman of the all-party group on Ukraine, I sat where Her Majesty sometimes sits to present trophies, which is also where the Minister or the Secretary of State sometimes sit, depending on the nature of the trophy being given. I had the opportunity to talk to all sorts of officials from the FA that evening. Department for Culture, Media and Sport dignitaries and others were there, and it was clear that they all wanted a substantial amount of the World cup to be de-listed to sugar the pill for FIFA and to try to get it to award us the World cup in 2018. I will come back to some of the comments made that evening in a moment.

I also took part in my first Downing street webchat last week. We have to be careful when sending e-mails to Downing street these days, but I took the risk. The webchat was moderated by David Davies—an exemplary figure who is chairing the free-to-air listed events review. Incidentally, I think it is no accident that he has an FA background. I tried to intervene during the webchat debate. Someone asked what assurances could be given that the FIFA World cup would remain a listed event and David replied that the finals tournament of the FIFA World cup is on the current list and that the 2010 and 2014 World cups will be free to air. He also said that it is his job to review those and other events beyond those dates. Various people intervened. I thought that there were perhaps thousands of people on the Downing street webchat and that was why I was not able to get in. Eventually, the same name came back twice and I tried to make another intervention. I tried to ask David, "Surely, it would be a travesty if we got the 2018 World cup and most people in our country were not able to watch it, despite the amount of public money that has gone into many of our football grounds?" Eventually, I got a brief acknowledgement on the webchat, but I was not able to make an intervention.

However, I think that it is fairly clear where the FA stands. I predict that, unless we have a very strong listed events committee, some time later this year David Davies will present a report to Ministers that argues for the partial de-listing of the World cup; the only matches that would be left on the list would be those involving the home nations and perhaps the semi-finals and final. If that recommendation does go to Ministers, it will be a big test of the Secretary of State for Culture, Media and Sport. Is he really a man of the people? Is his heart with the real football fans of this country, as he tells us it is? Can we be confident that he will keep the World cup on free-to-air TV, despite all the pressures that will be on him? I hope that the answers to those questions in those circumstances will be, "Yes". However, as I say, there would be many pressures on him.

Mr. David Drew (Stroud) (Lab/Co-op): We already have the example of cricket. Some of us believe that the cricket authorities, because of the way that they have manipulated matters so that the game has gone on to satellite TV, have done irreparable damage to the grass roots of the game, such that many people no longer see cricket other than the odd highlights package. Is that not the real problem?

Mr. Grogan: My hon. Friend makes a very good point. I shall come on to cricket in a moment, but it is absolutely certain that this year we will not see eight million people viewing the Ashes. However exciting the Ashes will be, the average viewing figures are likely to be about 300,000 to 500,000 people, and as a result we will lose out as a nation.

I want to return briefly to the World cup. The types of arguments that I have mentioned are those that will be made, perhaps by David Davies and certainly to him and to Ministers. People and organisations, including the FA, will argue that we need to liberate the rights, if you like, to get the best possible price, because we need to allow FIFA to spend money to encourage people in Africa and elsewhere to take up football. Well, when we look at FIFA's accounts, that argument is really not credible. Perhaps FIFA does not have the best governance in the world, if we look at their accounts.

For example, FIFA sold the television rights for the 2002 and 2006 World cups to an organisation called ISL Worldwide, which collapsed in 2001 with debts of £153 million. A liquidator was appointed and he discovered that, over the previous 20 years, £70 million had been paid out in kickbacks, including payments to FIFA officials. FIFA then sparked a criminal investigation of its own, after it claimed to have discovered that ISL had withheld £50 million of its money. The case collapsed on the final day, when a defence lawyer produced a secret memo purporting to reveal that FIFA officials had known that the money was missing. The court said that FIFA knew more than it had told investigators and that its claims were not credible.

Incidentally, FIFA has just spent £120 million on its headquarters in Zurich and it has spent £5 million on 20 football centres in Africa. I very much hope that Ministers will not come to us and tell us that we need to de-list most of the World cup because we need to support football in Africa. Ministers may come to us—the FA will certainly come to us—and say, "Well, surely not all the football World cup should be listed, because it is not all an event of national significance? Cameroon against North Korea, to pick one game, is not really a game that is of national significance." However, if we look back at the history of the World cup, North Korea in 1966 made a big impression on world football and Cameroon in the 1980s and 1990s also made a big impression, as the first major representative of Africa.

We should not be little Englanders about the listed events. An event such as the football World cup should continue to be listed in its entirety. ITV tells us its average viewing figure in the last World cup was 5.7 million viewers and that was for all games, despite the fact that not many of them featured the home nations.

One of the things that the listed events review is considering is the criteria for listed events. I think that there are one or two additions that could be made to those criteria, which would support the full continued listing of the World cup. At the moment, the criteria include the fact that the event has a "special national resonance". I think that the criteria should include events that have a special national or international "resonance". The criteria go on to say that

"it is an event which serves to unite the nation, a shared point on the national calendar."

Perhaps we should add that it is an event that serves to unite the nation and the world, and that it is a shared point on the national and international calendar. That would strengthen the case for the World cup being listed.

[Mr. Grogan]

I should now like to turn to cricket, which was mentioned by my hon. Friend the Member for Stroud (Mr. Drew). As he reminded us, this year is the Ashes series. In the last series, we lost the first test and won the second. We saw that iconic picture of Flintoff and Brett Lee hugging each other at the end of the game. We drew the third test and won the fourth. When we went to the Oval and all was at stake, the whole nation stopped because everyone could see the match on free-to-air TV. That will not be the case this year. The former chairman of the English Cricket Board, Lord McLaren, who did the gentleman's deal with the then Secretary of State—now Lord Chris Smith—is disappointed because he expected some cricket to remain on free-to-air TV despite its de-listing. Although he says that he would not bring all Test match cricket back on to the A-list—the list that must be live on free-to-air TV—he has implied that he would bring back some of it. I suggest that the Ashes series is a prime candidate for listing.

The next two Ashes series have already been sold to BSkyB, which does a brilliant job covering cricket. The only problem is that many people in the country do not see it. If people cannot afford Sky TV, they will not be inspired to take up cricket because they will never see the sport. It is a national disappointment, if not a national tragedy, that because of the strength of the listed events legislation in Australia, the test matches this summer will be able to be watched live in Australia, but not here on free-to-air TV.

The ECB makes all sorts of claims about increased participation brought about by funding from the satellite deal. Clearly, there must be a balance; no one would dispute that. None the less, there is doubt about some of the ECB figures; it seems to be a matter of smoke and mirrors.

In a recent survey that asked south London youngsters what sport they would like to take up and see more facilities for, cricket came 21st. That reflects the fact that many people see no live cricket at all. The ECB gets more public money than any other sport. Possibly because Ministers have been defensive about the de-listing of cricket, they have not asked enough questions about whether enough money is going to the grass roots of the game. A lot of money is going to the counties, but, as I say, there is a lot of smoke and mirrors on the figures.

I should like to see the Ashes re-listed, and elements of the cricket World cup and the Twenty20 World cup. That would at least give a signal to the authorities that some cricket should be on free-to-air TV. There is a role for the terrestrial broadcasters, particularly the BBC, to step up to the mark if that happens and make credible bids. The BBC has a long tradition of covering a wide range of sports. I should also like to see it make some bid for county cricket. It is important that the BBC, as far as it is able, covers a full range of sports.

I move on to other sports that could be re-listed, additionally listed or put on to the A-list so long as there is a credible bid from terrestrial broadcasters. With regard to football, there is a case for listing the World cup qualifying matches and the European championship qualifying matches. The England home games are currently live on free-to-air TV, but there was controversy last year when many of the away games were not initially going to be on free-to-air TV. The three other home nations—Northern Ireland, Wales and Scotland—have no live coverage now. If Scotland does not qualify for the World cup, the Scottish people will never see their national team on live free-to-air TV. We all hope that they qualify and that the home nations do well next year. As in Germany, France and Italy, there is a strong case for listing those qualifying matches.

The last day of the Ryder cup is another possibility as no golf is currently listed. Perhaps we could have the last day of the Open golf championships, as that is not currently on the A-list. There may be others. Some rugby fans have mentioned that we rarely see highlights coverage of the British Lions abroad. I am not sure whether highlights are available for the current series, but usually throughout most of our nation they are not. That is a candidate for B-listing.

In summary, I am an unapologetic enthusiast, as I think most in our nation—and I hope our Government—are for intervening in the sports market and ensuring that there are events to unite the nation and bring us all together. It is something that we all want to talk about, no matter what our economic circumstances are in life. In the new digital era, a lot of people will never be able to afford a subscription or pay TV. A subscription to Sky Sports costs well over £400. As MPs we are lucky—we can see Sky Sports in our offices. Many of us subscribe to it and it does a marvellous job. However, it does not offer universal access, and the principle of listed events should go beyond the digital switchover.

In Australia, people are having a similar debate. They have a more comprehensive list than us, which includes about 30 different events across a range of sports. They see the digital switchover as an opportunity as there will be far more channels that meet the criteria to show a listed event that can be seen by 95 per cent. of the nation. I hope that the first thing the review does is confirm the principle of listed events. In particular, I hope that it will defend those events that are already listed. I hope that the Government and David Davies will surprise me and unambiguously defend the whole World cup to be on terrestrial free-to-air TV, so that in 2018, even if the Secretary of State is not Prime Minister and in the royal box by that point, he will be able to watch it at home with his children or in the pub.

There are many debates about sport on television, but I hope that there will be a proper debate about the pay TV market and whether it should be liberalised with more players encouraged into the market. The House should not lose sight of the fact that many people will never be players in the pay TV market. Our nation is stronger for the fact that everybody can watch events such as the World cup, whatever their economic circumstances, and can be inspired and marvel at great talent. Long may that be the situation.

12.48 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): It is a pleasure to serve under your chairmanship, Mr. Betts. As a member of the parliamentary football team, it is great that you are chairing this excellent debate.

I want to congratulate my hon. Friend the Member for Selby (Mr. Grogan) on securing this debate and on his ongoing commitment to free-to-air sports coverage. It is a pleasure to see my hon. Friend the Member for Stroud (Mr. Drew) and the hon. Member for Castle Point (Bob Spink) at this debate.

I am looking at the cost of Sky to pubs. I gave a commitment to my hon. Friend the Member for Selby to look at that issue, and I have a meeting scheduled with Sky to see whether we can do something to get a deal, particularly for smaller pubs and chains.

Bob Spink: And social clubs.

Mr. Sutcliffe: And clubs and social clubs as well. I will report back to the House once that meeting has taken place and we will see what happens.

My hon. Friend the Member for Selby is one of the strongest advocates of the listed events system and of the importance of having major sporting events on free-to-air television. He has actively sought the return of live test match cricket to the A-list of protected events. As we have heard, he sought to ensure that in the run-up to the 2010 FIFA World cup, home nation international football qualifying matches receive the same protection for free-to-air coverage.

He has raised concerns about the 2018 World cup bid. As he knows, the Government are committed to getting the World cup in 2018 as part of our decade of sport. We want to ensure that we continue with what will be a glorious decade of sport starting this year with the Twenty20 cricket world cup, and heading through to the Olympics in 2012, the Commonwealth games in 2014 and hopefully the rugby and soccer world cups. There will be other major sporting events as well. We are doing that, because we want the country to enjoy sport. We have committed ourselves to getting 2 million people involved in physical activity and sport by 2012. We are trying not only to get people away from their TV screens but actively on to football and other sports pitches.

My hon. Friend the Member for Selby makes a pertinent point about the passion and thrill that major sports engender, which we have all shared over many years. We all remember the great events that we have seen on TV, and he is right that such things—whether the World cup or other fantastic events—bring the nation together. I think that we call it a water cooler moment when people come together to share the highs and lows of great sporting endeavours. For me, it is also about seeing children re-enacting sporting events for weeks afterwards and talking about events that bind us together as a nation. That is why we have the listed events regime. When my right hon. Friend the Secretary of State for Culture, Media and Sport commissioned the independent review of free-to-air events last year, he said:

"Sports broadcasting is clearly one of the most powerful areas where that sense of community through television is most profoundly felt."

As usual, my hon. Friend the Member for Selby tempted me down a number of routes, but he will know that we are in the middle of a review, and there are some issues on which I clearly do not want to comment, because we want to hear what the review has to say. However, he is right that the last review took place more than 10 years ago, when the Government recognised that the time was right to ensure that the listed events regime was fit for purpose in a digital age and to look again at whether the right events were protected by the free-to-air broadcast list.

As we have all seen, the broadcasting landscape has changed significantly since the last review in 1998. As my hon. Friend has said, the advent of digital technology has provided viewers with an increased choice of channels and an ever-growing number of ways to view and access sports events. Viewers' attitudes to the way in which they consume premium content—particularly sports coverage—has also changed.

We needed to take account of those and other developments. At the end of last year, therefore, the Secretary of State announced his decision to set up an independent review of free-to-air events. David Davies was asked to lead the review, given his wealth of experience in the sport and broadcasting worlds—he was the former executive director of the Football Association. In January, nine further panel members were appointed to support him in his work. The Secretary of State selected those panel members on David Davies's recommendation to provide a wide range of national, sporting, broadcasting and business perspectives. Clearly, we tried to ensure that there was a wealth of experience.

The advisory panel was tasked with reviewing three areas: the principle of having a list, the criteria against which events may be listed and the content of any list. To assist with its review, the advisory panel launched a public consultation on 8 April, which will run until 3 July. It might be helpful if I outline the process and set out the wide range of ways in which the panel will gauge the views of the general public and key stakeholders.

From the outset, the panel has recognised the importance of ensuring that its recommendations to the Secretary of State are informed by as wide a range of views as possible. In line with that approach, David Davies has written to a significant number of broadcasters, sports rights holders, governing bodies and interested parliamentarians to draw their attention to the consultation.

As part of the consultation process, the panel will also hold events in each of the nations, as well as focus group meetings and oral evidence sessions with key stakeholders throughout the UK. Indeed, as my hon. Friend the Member for Selby has said, David Davies held a webchat at No. 10 only last week to promote the review and seek views on the listed events regime. He took part eloquently in that debate and took the opportunity to raise certain issues, as he has done again today.

Mr. Drew: Not very successfully.

Mr. Sutcliffe: We will see what the reception is when we see the outcome of the recommendations. I hope that hon. Members see that there are many opportunities to respond to the consultation, and I encourage anybody with an interest in these important and emotive issues to do so.

The consultation also asks about the inclusion of non-sporting events, and it is important to remember that such events may also be listed. So far, the UK has listed only sporting events, reflecting our strong sporting heritage, but some European countries include non-sporting events in their lists, and the advisory panel will consider whether we should do likewise. I understand that David Davies has written to a number of cultural groups, particularly the Arts Council England, the Arts Council of Wales, the Arts Council of Northern Ireland and the Scottish Arts Council to seek their views.

[Mr. Sutcliffe]

The consultation closed in July, and when the panel has finished deliberating, it will prepare a report, with recommendations, for the Secretary of State. It will present that report to the Secretary of State in the second half of 2009. Importantly, the Secretary of State will then reach his own provisional conclusions and before taking a final decision will carry out statutory consultation with the broadcasting authorities and any affected rights holders in line with the requirements of the Broadcasting Act 1996. He will then announce his final decisions following conclusion of the statutory consultation.

I turn to some of the issues raised by my hon. Friend the Member for Selby. Through its initial work, the advisory panel is already well aware of my hon. Friend's concerns, particularly those relating to test cricket and international football, which he addressed again today. I am sure that the panel knows his views. He should be reassured that the panel recognises that those issues will need to be comprehensively addressed as part of the independent review.

I shall give an example, in relation to cricket. David noted in his recent webchat that the panel will try to understand how the present situation relating to cricket coverage and the sale of cricket rights came about, and it will no doubt discuss those matters when it talks to the leadership of the England and Wales Cricket Board. My hon. Friend has said that the money from broadcasting goes into the grass roots of the game. He challenged some of the figures, but the board argues vehemently that the money is well used for the grass roots of the game, particularly the development of women's cricket. The matter is contentious, but I am sure that the panel will consider in great detail what happened, how it happened and what the future should hold. It is important to recognise that the panel has not reached any conclusions about its recommendations. It is genuinely considering the evidence that is coming to it.

We are at an early stage, and it is important not to pre-empt the outcome of the panel's report or its recommendations to the Secretary of State. I understand the strong concerns of my hon. Friend and Members of both Houses, because the matter has created a great deal of discussion.

In the time available, I want to make a passing reference to the debate about horse racing on TV and the emotions involved. That debate reflects where we are, and the need for investment to enable sports to continue and to develop, but bearing in mind people's ability to see such sports. As we approach the Olympics and the decade of sport, we are trying to inspire people and to ensure that sports that are not normally given TV time—such as some of the smaller Olympic sports—are provided with it. We must ensure that that comes into the debate.

The crown jewels and listed events are important, but the promotion of sport is even more important to try to persuade more people to participate for the obvious health benefits. One has only to look at what happened following the Olympics and Paralympics in Beijing to see how those exploits inspired people across a wide range of sports.

The Government take sport seriously. The latest announcement of free swimming is a good example of Departments working together to try to promote sport and a more healthy attitude and lifestyle. Listed events are a key part of our discussions. I have no doubt that the panel will take great care in its work, and I hope to report back to the House in due course.

Thames Valley Probation Service

12.59 pm

Tony Baldry (Banbury) (Con): I am grateful for the opportunity to raise concerns about the Thames Valley probation service, and I hope that it will be possible for the hon. Member for Oxford, West and Abingdon (Dr. Harris), my constituency neighbour, to intervene.

For many of us, a continuing concern for a significant number of our constituents is the reality of fear of antisocial behaviour and crime. The probation service has an important role to play in the criminal justice system. Probation officers manage and supervise antisocial behaviour orders. They invariably manage offenders who have been given non-custodial community sentences and those who have been released from prison on parole. They also have an important role in supervising young offenders and, hopefully, in getting them into a position in which they do not reoffend. Indeed, surely one of the main objectives of the criminal justice system and/or the Ministry of Justice is to reduce reoffending.

Sadly, a large number of criminal offences are committed by people who have previously committed offences. The probation service is crucial in helping to reduce reoffending, both by managing and organising many of the non-custodial sentences and by supporting those who have custodial sentences when they come out of prison.

Last autumn, reports began to appear that the probation service, nationwide, was facing a cut of about 20 per cent. to its budget. In November last year, I wrote to the Secretary of State for Justice to tell him that

"It is a matter of very real concern that the Probation Service appears to be facing a cut of something like 20% in its budget. How can it possibly help in reducing re-offending if the numbers of front line staff working with offenders, or ex-offenders, are going to be seriously reduced?...This would seem to be a very false economy because all that is going to happen if one substantially reduces the number of probation workers, and those working in probation, is that more offenders will be sent to prison, which is far more costly and a far greater expense on your Department's budget."

Shortly after I wrote to the Secretary of State, a number of probation workers from the Banbury probation office came to see me at my constituency surgery with a representative of the National Association of Probation Officers. I was concerned to learn from them that the closure of the Banbury office had been proposed and that the service was going to move all the Banbury officers to Oxford. That struck me as a crazy idea. The whole point of probation officers working in towns such as Banbury is that they get to know the people with whom they work, their families and their circumstances. In that way, they are far better able to inform the courts when it comes to pre-sentencing reports, deal with any breaches of court orders and help those who are on probation or who are serving other non-custodial sentences, so that they do not reoffend. Such local understanding and contact will be lost if the Banbury probation office is closed and probation officers are transferred to Oxford.

Again, I wrote immediately to the Secretary of State, saying that I believed that the proposal was a crazy idea, and that if the Ministry of Justice is genuinely serious about efforts to reduce reoffending, it makes no sense to reduce the number of probation officers in that way, or to close the Banbury probation office and transfer all the officers to Oxford. I repeat the question that I asked back in December: what sort of criminal justice system do we have if it increases prison places and reduces the number of probation officers?

The proposal to close the Banbury probation office struck another raw nerve. My constituents in north Oxfordshire are getting rather tired of public services that we reasonably expect to be delivered in Banbury being closed and transferred to and consolidated in Oxford. Imagine my surprise when I was told that, notwithstanding what my constituents—the probation officers—told me at my surgery, the Thames Valley probation service had no proposals to close the Banbury office or to reduce the number of officers. It repeated those assertions to the editor of the *Banbury Guardian* when it, the local newspaper of record, tried to find out what was happening.

Therefore, in addition to my concerns about the substance of the policy, I have parallel concerns about the process. One consequence of the Government's gross indebtedness and the Chancellor's and the Prime Minister's management of our economy in the past 10 years is that we now have the worst public finances since the war. Over the next two years, the Government will have to borrow some £350 billion—more than all Governments up to 1997—and the national debt will double to £1.4 trillion, which will inevitably result in cuts in public spending. Indeed, a number of sizeable cuts in capital spending after the next general election were announced in the Chancellor's Budget last week. However, we need an honest, open and transparent debate on where such cuts might occur and what impact and effect they will have.

The response of the Thames Valley probation service last December that it had no proposals to close the Banbury probation office became all the more incredible when I learned shortly afterwards that both the chief executive of the local council—Cherwell district council—and the local area commander of the Thames Valley police had separately offered the probation service alternative accommodation in Banbury to try to keep a probation office presence in the town, so concerned were they, as leading members of the local crime and disorder reduction partnership, about the impact on local offender management if the Banbury probation office closed.

I was so concerned about the process being pursued by the Thames Valley probation service, which struck me as having absolutely no engagement with the broader community, not being transparent and, indeed, being wholly misleading, that I wrote again to the Secretary of State in early January, saying that I was somewhat surprised that the probation service's "line to take" was that there were no plans to close its offices in Banbury. I said that

"if there are no proposals to close these offices, how is it that way before this matter was drawn to my attention by local Probation Officers, the Chief Executive of the District Council and local area Police Superintendent were so concerned about the future of offender management in Banbury they had both separately offered accommodation to the Thames Valley Probation Service to keep the offices in Banbury?"

I highlighted to the Secretary of State the fact that the probation service in north Oxfordshire was doing extremely good work on initiatives such as tackling prolific offenders, all of which will be undermined if probation officers are no longer based locally in the town.

[Tony Baldry]

All that fell on deaf ears. No one from the Thames Valley probation service and no Ministers in the Ministry of Justice were prepared to acknowledge what was being planned. Probation officers themselves have been put in an invidious position because, as I understand it, they were told that while they were in discussions with management about their future, they were unable to speak publicly.

In February, I was able to ask the Secretary of State an oral question in Justice questions. I shall repeat the exchange for the record. My original question on the Order Paper was:

"What services and policy initiatives will be affected by the funding settlement reached for his Department for 2009 to 2011."

The Secretary of State responded:

"On 19 January, I published to Parliament the Ministry of Justice's corporate plan. The plan is based on my Department's four strategic objectives and sets out what we aim to achieve, how, and with what resources. Further details of the financial allocations are given in chapter 6 of the plan."

My oral supplementary question to the Secretary of State was:

"Last year, the Secretary of State's permanent secretary, Suma Chakrabarti, said to the Justice Committee that by December the Department would have a much better idea of what cuts it needed to make to live within its means. One assumes that that will result in some cuts in front-line services. Perhaps the Secretary of State could help the House by giving some indication of where those cuts are going to fall. Could he give me an undertaking that one of the cuts will not be the closure of the probation service office in Banbury, because that would be a very retrograde step for offender management in the north of Oxfordshire?"

Given the letters that I had written almost monthly in the previous months to the Secretary of State, that supplementary question could hardly have come as a surprise to him or his officials, who would have prepared his briefing for oral questions. The Secretary of State's answer to me on that day was:

"The corporate plan makes it clear that we are indeed seeking some reductions and savings—that is on the record before Parliament—including a 5 per cent. real-terms reduction in our administration budget. However, we are seeking to do that principally by taking out back-office functions, by cutting down on what I think the House would regard as unnecessary spending, and by reducing the use of agency and contract staff. The whole purpose of this—the same is true, for example, overall in the National Offender Management Service—is to do our very best to ensure that front-line services are properly protected. There are always better ways of delivering front-line services. If the performance of the probation services are compared area to area and within areas, it is clear that there is not necessarily a connection between inputs in terms of resources and their outputs in terms of caseload and reductions in reoffending."—[*Official Report*, 3 February 2009; Vol. 487, c. 692.]

Hon. Members will note that the Secretary of State completely evaded my question about the future of the probation office in Banbury. I do not believe that anyone could pretend that the Banbury probation office comes under the category of a "back-office function", so imagine my surprise during the week before Easter, during the parliamentary recess, when I learned that the Thames Valley probation service had at last 'fessed up to the fact that it intended to close the Banbury probation office and consolidate all the county's probation services in Oxford. I wait with interest to learn how that retrograde step can conceivably be considered, using the Secretary of State's answer to my oral question to ensure that front-line services are properly protected. The Government are removing front-line probation services from a large part of Oxfordshire, including from my constituency, and moving them to Oxford. This is a retrograde step on which there has been dissembling and misleading statements over a number of months.

Again, imagine my surprise when I received a letter, dated 2 April, signed jointly by the chair and chief officer of the Thames Valley probation service, which was not received in my office until the middle of the next week, giving just over a week's notice of an invitation to meet for what it described as a

"frank and open discussion"

about the Thames Valley probation service's reduced budget over the next few years and the proposed merger—as it put it—of its Oxfordshire field offices in a centralised service in Oxford. Mr. Fearn and Mr. Marshall's letter concluded, somewhat ironically one might consider:

"We are keen to keep you fully informed about our plans for the future."

Immediately I saw this letter, I wrote to Mr. Fearn, the chair of the Thames Valley probation service, to say that in the more than a quarter of a century that I have been a Member of Parliament, the process that the Thames Valley probation had conducted in recent months is one of the most dismal performances by a public body that I have ever come across. The Thames Valley probation service was fully aware last November that I and others were concerned about its proposals to close the Banbury probation offices. Why did it not engage with me and other parliamentary colleagues at that time? Why, at that time, did the probation service deny that there was any proposal to close the Banbury probation office?

Throughout the time that these proposals have been actively under discussion, there has been no attempt by the probation service to discuss the downgradings and closure proposals or to engage with local MPs. I am afraid that I have to say that there has been every attempt by Ministers centrally and the Thames Valley probation service locally to deny that any such proposals were in the offing. Those working in the probation service have been put in an almost impossible position, being unable to comment publicly on matters that I know, from my discussions with them, have caused them considerable personal and professional concern. Only once the decisions are effectively irreversible does the probation service decide that it is time to brief local MPs. That is not good enough. That is not a process that enhances respect or confidence in the quality of the decision making.

In a response to my letter, Mr. Fearn, the chair of the Thames Valley probation service, replied on 13 April, saying:

"We will continue to have probation staff in Banbury…we do intend to reduce the number of probation staff in Banbury but this will not happen until we have suitable alternative accommodation."

That letter could only be read reasonably as seeking to indicate that this was a question not of the probation service closing its office in Banbury, but of simply moving it. The only difficulty with that approach is that on 24 April the Minister wrote to the hon. Member for Oxford, West and Abingdon, stating clearly and in terms that the

"consolidation of the vast majority of Oxfordshire probation premises in Oxford including the closure of the existing Banbury Office is considered to be the best solution…some local presence would also be retained in Banbury but on a much smaller scale".

That "line to take" echoed entirely a letter from Phil Wheatley, the director general of the National Offender Management Service, the week before, on 16 April, in which he said that the

"consolidation of the vast majority of Oxfordshire probation premises in Oxford including the closure of the existing Banbury office, is considered to be the best solution."

Let us not have any weasel words about this. The intention is to close the Banbury probation office. In reality, I suspect that we will only see probation officers in Banbury when the north Oxfordshire magistrates court is sitting and they need to attend. Clearly, there will not be any offender management taking place in Banbury. I am sure that a large number of my constituents, including not a few magistrates, will find somewhat risible the Minister's assurances that the

"public transport routes to Oxford by bus, coach and train are good".

I have arranged to meet Mr. Malcolm Fearn and Gerry Marshall, the chief probation officer, at their offices in Bicester on Friday week, on 8 May, and I shall be interested to hear what they have to say. But ultimately they have to deliver cuts imposed on them by Ministers. How will centralising the probation service in a single office for the whole of Oxfordshire assist offender management in the county? What sort of criminal justice system is it that, as announced by the Secretary of State yesterday, continually increases the number of prison places but is reducing the number of probation officers? What explanation does the Minister have for the fact that the machinery of government denied for months that any such proposals existed? Lastly, what will be done to ensure that the implementation of the changes will be monitored so that the probation service and Ministers can objectively advise in due course on their impact? I look forward to the Minister's response.

1.15 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I am grateful to the hon. Member for Banbury (Tony Baldry) for securing the debate and for allowing me, perhaps in exchange for the letters that he read from, to have two minutes of valuable time. I shall keep my remarks very brief because I know that the Minister will want to reply.

The problem that I have is related to what the hon. Gentleman was discussing. It is the relocation of the proposed consolidated probation offices to a building—well, not a building, but at the moment a shell of a building—called Trajan house, in Mill street. Of course the consolidation is controversial, as we have heard. That is not my issue, but if it does not go ahead, for the reasons that the hon. Gentleman gave, there will be an effect on the amount of space needed for a consolidated office. That raises the question whether the siting issue should be re-examined.

The main problem is the placing of the centre in a residential area at the end of a residential street, which is simply not appropriate. The third aspect is that there has been no consultation. The reason given is that there are no options to consult on, which leads me to my fourth point: why are there no options? Residents and I believe that the search could have been and still needs to be wider than the area that has been looked at. No one would describe the rail station in Oxford as being at the centre of the city centre; it is very much at the western edge, and a much wider area should be considered. It seems to me and members of the public that the issue has been rushed. There are also process issues about when, exactly, the option was determined.

I wanted to bring the matter to the Minister's attention so that I could alert him to the fact that when something that I would claim was similar happened in Birmingham the Justice Secretary apologised in the *Birmingham Mail* on 7 December, admitting "we got it wrong" after being confronted by campaigners against a Birmingham probation centre. He said:

"We accept the handling of the re-location of the probation centre to this site has been appalling.

It has been dreadful and I'm sorry it happened this way.

We got it wrong and the probation centre is still learning lessons from this."

I hope that the probation service will learn lessons. I accept that there are operational issues involved that are not for the Minister, but I think what happened shows that there are political and policy issues at stake.

There is a 1,000-name petition and I have had many letters, as, no doubt, has the Minister. The story has been in the national press and I have written to—and had replies from—the Thames Valley probation service, the National Offender Management Service and the Minister. I am grateful for the replies, which were civilised, as was the meeting that I had with the Thames Valley probation service. However, that did not solve the problem. Would the Minister be willing to meet me and local councillors—two well-regarded Labour city councillors and the last two in my constituency, who, the Minister should recognise, have an important interest in the issue—and residents? Will he meet us before any final decisions are made and leases are signed, so that we can put to him our concerns about the process and try to persuade him, and through him the probation service, to widen their search and look for other sites?

1.18 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I am grateful to the hon. Members for Banbury (Tony Baldry) and for Oxford, West and Abingdon (Dr. Harris) for participating in the debate and raising the issues. I hope that I shall at least be able to discuss the issues and concerns in a civilised way, as the hon. Member for Oxford, West and Abingdon said, and reflect on some of the issues raised. I know that the chief officer and the chair of the probation board at Thames Valley will take a keen interest in the debate, read it and closely examine the issues, and there will be further discussion with both colleagues after the debate.

The hon. Member for Banbury has raised an important issue about the role of probation officers and the need for them to tackle the job of reducing reoffending. I am personally committed to our making sure that we have an integrated service between prison and probation, because probation officers are at the front line of reducing crime and preventing reoffending. I know that the hon. Gentleman accepts and understands that that is a key role and central to the work of probation staff. I want, not just in Thames Valley but throughout England and Wales, a probation service that is responsive to communities, outward-looking and focused on reducing crime and reoffending and tackling antisocial behaviour, and that works with the Prison Service as part of the National Offender Management Service to undertake its important

[Mr. David Hanson]

role. That is why the Labour Government have increased probation funding by more than 70 per cent. over the past 12 years.

Because the hon. Member for Banbury made his points in the way that he did, I shall be slightly political. I doubt that an alternative Conservative Government would have put in that level of funding over that period of time. Dare I say that if there is a choice of Government in the next 12 months—as there ultimately has to be—the Opposition, who talk about austerity budgets, will not be putting the future funding that the Labour Government are committed to into the probation service.

On the funding for Thames Valley, last year its budget was £26.6 million for 2008-09. This year's budget is £25.8 million for 2009-10. Yes, I accept that overall that is a reduction of some £800,000. However, the House needs to know that Thames Valley itself under-spent its budget last year by more than £300,000. If we take out special one-off grants for training and bonuses received by Thames Valley probation service, the deficit this year is around £159,000 over last year's budget. I put it on the record that there is not a 20 per cent. reduction in the budget for the Thames Valley probation area this year.

We have not yet finalised the budgets for 2010-11, 2011-12 and 2012-13. Thames Valley probation has been given indicative budgets by NOMS, but prior to those two indicative budgets kicking in, two events will take place. One is the next comprehensive spending review round, which will be looked at in detail, and the other is the process of a general election, which we all face in the House, and what that will ultimately result in. It is important to put both issues that have been raised in context. For this year, on a £26 million budget, the budget for Thames Valley probation is around £159,000 less than last year. It is important to find efficiencies. All hon. Members will know that there are difficult financial circumstances. The probation service has to look at how to do things more efficiently—as does the Prison Service.

It is important that I now turn to the nub of the matter. The key issue raised by the hon. Member for Banbury, which has a knock-on effect for the hon. Member for Oxford, West and Abingdon, is the concern about how offender management services are delivered in Thames Valley and the role of facilities in both Banbury and Oxford. Having discussed the matter with Thames Valley, I understand that the proposal for the change in the Banbury office is a long-standing one and that it is not linked to the efficiency savings that it has to make this year. The £159,000 is not appropriate in relation to the costs of the Banbury office. Thames Valley has, for some time, been looking for alternative accommodation so that services can be centralised.

In relation to the points made by the hon. Member for Oxford, West and Abingdon, the key driver for the changes, as I understand them in relation to Thames Valley probation and Oxford, is the ending of the lease of the current Oxford offices. The confluence of those two issues means that Thames Valley probation has looked carefully at how it can provide an efficient and more cost-effective service that meets both needs. I should make it clear that I am not copping out of the decision-making process, but that these are executive responsibilities for the board and chair of the board of Thames Valley. I am accountable to the House for those decisions, but they are executive decisions.

Again, from discussion with Thames Valley, my understanding is that currently the case for the delivery of probation services in Oxfordshire is, to a great extent, centralised. Offenders resident in the Banbury area travel to Bicester or, in some cases, to Oxford. I understand from the board that offenders in Witney and the south and west of the county will travel to Banbury when Oxford is potentially a closer venue. The discussions about Banbury and Oxford relate to the confluence of issues: what we do with an expired lease and the need to try to provide a better service to offenders and their families in Oxford.

I recognise—and the hon. Member for Banbury has put this point clearly—that there is a need for Banbury residents to have services in Banbury. Again, I understand from the Thames Valley probation service that it wishes to maintain an offender management presence in Banbury for offenders who live there and in the immediate area. As a result of the points made by the chief executive of Cherwell borough council and the local police superintendent, it is considering alternative premises in collaboration with partner organisations.

I also understand from Thames Valley probation service that the Banbury office has a staff load of about 31 members. That will decrease to between eight and 15 members if the proposals proceed. The remaining officers will be transferred to other offices in Thames Valley, potentially including the Oxford office, to ensure a better service. I recognise that there is a debate on those issues. I hope that the hon. Members for Banbury and for Oxford, West and Abingdon can have discussions locally with the appropriate officers and officials.

To answer the direct question asked by the hon. Member for Oxford, West and Abingdon, I will certainly be happy to facilitate a meeting with local councillors and anybody else who wishes to bring a small delegation in the office of the Ministry of Justice. I will invite the chair and the chief officer of the probation board in Oxford and Thames Valley to meet us to discuss the issues. After his meeting a week on Friday, the hon. Member for Banbury can, if he wishes, facilitate a similar meeting with me. I am happy to attend.

We must encourage efficiency in the system. The board in Banbury and Thames Valley is responsible for such issues, but I believe that it is trying to implement positive performance for the probation board in that area. When I look at that performance, I see a probation board that certainly had difficulties two to three years ago and needed support from the centre to improve its performance over time. However, by the end of 2008 and going into 2009-10, it had made significant improvements. Community payback completions have risen by 21 per cent. in the past year. Domestic violence completions have nearly doubled in the same period. Successful programme completions have risen from 344 to 435. Drug treatment requirements have increased from 248 to 267. However, the acid test for the people of Banbury and Oxford is that crime has decreased in Thames Valley over the past 12 years, and particularly over the past year. Overall crime has fallen by 4 per cent. and domestic burglary by 14 per cent., although, sadly, theft of motor vehicles has risen by 6 per cent. Performance is strong.

Tony Baldry: Does the Minister accept that in terms of good public policy, it would have been much better if the Thames Valley probation board had engaged with local Members of Parliament at the start of the process rather than the end?

Mr. Hanson: As a Member of Parliament myself, I would expect a good liaison between probation boards and local MPs. That is important. I know from my preparation for this debate that the Thames Valley board has attempted to keep Members generally informed about its work. Perhaps after this debate the chair and chief officer will consider the importance of engaging with key stakeholders in the community on changes. Ultimately, as the hon. Gentleman knows, if changes cause difficulties, they end up on the desk of a Member of Parliament or a Minister. My parliamentary account is full of e-mails from the constituents of the hon. Member for Oxford, West and Abingdon. That is the nature of the business. Early engagement and discussion are important.

We have discussed real issues today. I am grateful to both hon. Members for raising them in the way that they have. This is not about finances, in my estimation; it is about organisational efficiency. I will meet both Members if they wish and ensure that the probation service engages with them to consider the outcome of the discussions.

Anti-racism (UN Conference)

1.29 pm

John Mann (Bassetlaw) (Lab): I am pleased to be speaking on this important issue under your chairmanship, Mr. Betts. I secured this debate in order to assess the recent Durban review conference of the United Nations, which took place in Geneva. The background to the conference was that in 2001 the UN World Conference Against Racism was convened in Durban, South Africa. That conference in 2001 was plagued with problems, including high levels of hatred and anti-Semitism. The final outcome of the governmental conference was the Durban declaration and programme of action, which has formed the basis for further review.

Between 2007 and 2009, the Durban review process was meant to review the implementation by UN member states of national action plans to tackle racism, discrimination, xenophobia and related intolerance, in line with the programme of action. The process itself was entirely problematic. Unlike in 2001, when much of the hatred was subcontracted out by Governments to NGOs, the Durban review conference culminated in the first day address of the conference plenary by President Mahmoud Ahmadinejad of Iran.

The speech by Ahmadinejad was clearly an election rallying call, one that he doubtless needs because his own population has been turning on him from workers' strikes against his failure to run the economy properly to anti-Palestinian worker protests. There is unhappiness at the levels of engagement overseas by the Iranian Government as opposed to their inability to look after domestic living standards—there is no question but that Ahmadinejad has domestic problems.

Why could that man dominate proceedings at a major UN anti-racism conference as a major Head of State speaking to the conference? In his speech, among other lines, he followed a narrative that he has used before in public. I quote an extract from his speech:

> "Following World War Two…they sent migrants from Europe, the United States and other parts of the world in order to establish a totally racist government".

He was referring, of course, to the establishment of the state of Israel, but even the most cursory look at history demonstrates that, in fact, the battles to create the state of Israel were for some years rather fiercely fought by Governments from the west, including our own Government, which was involved in something of a war situation in the period leading up to the establishment of Israel.

The essence of the racism of Ahmadinejad, in playing to his domestic audience, is to deny the rights of the Jewish people to self-determination; to move well beyond legitimate language and rhetoric; and to deny the holocaust, something that he was persuaded to drop, or not to do, in this particular UN speech. However, the critical issue is what is going on in the United Nations? Of course, the United Nations is, by definition, all member states.

Bob Spink (Castle Point) (Ind): The hon. Gentleman is one of the most assiduous Members of this House, and he is right to raise awareness of racism, which is simply evil. What is the UN doing to educate people and to promote education? Is it doing enough? Does the hon. Gentleman think that it could do more?

John Mann: I thank the hon. Gentleman for his intervention. One of the things that the UN does is to promote holocaust education, although it is not taken up by many member states. Within the UN, there is a unit specifically geared to the promotion of holocaust education.

One of the interesting dilemmas and problems with the Durban conference, the Durban review process and the Geneva conference is that, in a conference looking at anti-racism, the problems in the run-up to the conference for several years and the problems in the conference itself were about racism, including overt racism. Such overt racism was exactly what was seen in the first Durban conference, when there was some of the most vile and vitriolic racism that one could ever imagine at any international conference. Therefore, it is well beyond irony that an initiative against racism should become a festival of hate and racism.

That poses dilemmas for democratic countries that have an ongoing proud record of standing up and doing things against racism, including ourselves, the United States and many other countries. Some chose to boycott the conference. Some did so early—the Canadians made a brave early refusal to participate, and I congratulate them on that. The United States, Australia, New Zealand, Germany and several other European countries withdrew on the eve of the conference, and I congratulate them on their stance. Others, led by the United Kingdom, chose to participate and attempt, with significant success, to influence the final declaration and keep it within the red lines of what is acceptable, so as to prevent a document being used around the world to further the aims of those who wish to use racism in the name of anti-racism.

Those Governments should be congratulated, not least because they, led by Britain, walked out when Ahmadinejad made his pronouncements. I do not intend in this short debate to discuss the whys and wherefores of which tactics should be used. I think that all three strategies—the early Canadian stance, the later stance taken by Germany, Austria and the United States, and the stance of the British, the Norwegians and others within the conference—have credit and merit. It would be a significant mistake to argue about the tactics that that wide array of democratic countries chose in trying to counter the hijacking of the UN's work in anti-racism.

We need to think about why the UN got itself into that position in the first place, because it ought to be in the lead against all forms of racism, including, but not only, anti-Semitism. That is part of its ethos and why this country and others formed it in the aftermath of the second world war, because racism, xenophobia, and specifically anti-Semitism, had dominated the world agenda and led to that war. That was the genesis of the UN.

I hope that the Government, on the back of another problematic UN conference on anti-racism, are working with our democratic allies to look at how the UN repeatedly gets itself into such predictable problems as it did in Geneva, albeit to a much lesser extent than had happened at the original Durban conference, because of British and other governmental involvement.

Parliaments around the world have a strong desire to fight racism and anti-Semitism. In London only two months ago, we, along with the Foreign and Commonwealth Office, hosted the Inter-Parliamentary Coalition for Combating Anti-Semitism, of which I was a co-founder, bringing 42 countries from across the world together to establish the London declaration, which takes forward the work on how to combat anti-Semitism domestically and internationally. I am delighted that the Prime Minister, the Foreign Secretary and other senior Ministers have signed the declaration. This afternoon further senior Ministers, including the Leader of the House, will sign the declaration at 5 pm. The Liberal Democrat leadership have signed it, and we hope and anticipate that in the near future the Conservative party leadership will also find time in their busy schedules to sign it. Although they are not present today, I assure them that they will receive the same warm and good publicity received by Labour and Liberal politicians and, of course, by independents—I know that the hon. Member for Castle Point (Bob Spink) is a strong advocate of our work, a member of the all-party group against anti-Semitism and a backer of the London declaration. Throughout the world, parliamentarians are becoming increasingly involved in taking on contemporary anti-Semitism, alongside other forms of racism, but we must use that strength to ensure that international bodies, including not least the United Nations, take that into their work. How the UN interacts, which experts take forward its work on anti-racism, how it interacts with Parliaments and Governments, and how it carries out its peer review process of ensuring universal scrutiny of all UN member states are critical.

We must go further. The Organisation for Security and Co-operation in Europe has a much smaller remit than the United Nations in dealing with racism, xenophobia and anti-Semitism, but it has appointed special rapporteurs—until recently, Gert Weisskirchen was the special rapporteur on anti-Semitism from the German Bundestag—to work for the president in office to combat anti-Semitism and to take a lead. It has done likewise with Christianophobia and Islamophobia and appointed special rapporteurs. That is one model that could be considered, although I favour expanding the administration, bureaucracy and civil service of the United Nations with a unit with specific authority to take forward the UN's work on anti-Semitism.

There is a unit for holocaust education, and its work, remit, budget and powers need to be expanded. It was not involved in the preparatory process for the conference, and it should have been. Holocaust education is a discrete and bespoke element of huge priority. Anti-Semitism is part of the genesis of the United Nations and should be at the core of its fabric rather than being brought in by Governments such as ours, the American Government, the German Government, the French Government and others who believe that it is an important domestic and international priority. Democracies in the UN should stand up when it comes to racism and anti-Semitism, and not allow non-democracies or people who would abuse democracy, such as Ahmadinejad, to steal and usurp the agenda, as has been done recently. That undermines the UN's strength and the international efforts of Governments such as ours to combat the historic legacies and current realities of dealing with racism.

Finally, communities throughout the world that are directly impacted in their daily lives and their opportunities by the vileness and hatred of racism, including the Jewish community in this country, believe that the United Nations is not for them, because it will not take up their

issues. We must counter that within the UN and in the way in which the United Kingdom Parliament and Government interact with the United Nations. That is a big challenge, and I hope that the Government will take it on, and that they will not only continue their good work domestically, but tackle the thorny issue of how the UN is failing to deal with racism and ensure not only that our voice is heard, but that our standards and ethics in dealing with racism become the UN's work in practice in dealing with racism and anti-Semitism. I look forward to the Minister's response.

1.44 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I congratulate my hon. Friend the Member for Bassetlaw (John Mann) on securing this important and high-profile debate in such a timely fashion. I know that he is chair of the all-party group against anti-Semitism. Moreover, as we have all seen today, he is a powerful and articulate champion in the struggle against anti-Semitism, and long may he be so.

I should like to put it on record that the all-party group is both groundbreaking and unique. It sets the standard, and it clearly inspired the recent inter-parliamentary conference against anti-Semitism, which was actively supported by my right hon. and noble Friend Lord Malloch-Brown, the Minister with responsibility for human rights. I am pleased that the Foreign and Commonwealth Office was able to support both the conference itself and the follow-up to the all-party group's inquiry. The Government fully support the aims of the declaration.

The Government are committed to fighting all forms of discrimination, racism and intolerance, which are unacceptable in all their forms, including anti-Semitism. We continue to develop policies and legislation to address such issues, both in the UK and globally. It is vital that we work with our partners to combat effectively the range of challenges that we face today.

My hon. Friend mentioned the range of responses to the Durban review conference and how the different reactions mesh together to have good effect. Let me deal with the issue of the UK's engagement in the conference. We share the principal objective of the conference, which is to further the global fight against racism, and to review progress in that effort since 2001.

Millions of victims of racism around the world, as well as representatives from many organisations in the UK, expected us to show the political courage to address the issues, and not to leave the conference free for others to peddle their intolerance. The conference last week was the final stage of a long, tough and controversial multilateral negotiation. It was a very different conference from 2001. Non-governmental organisations from the Jewish community were better involved. Karen Pollock, chief executive of the Holocaust Education Trust, said:

"The environment was different. President Ahmadinejad apart, there has been none of the anti-Israeli rhetoric that characterised the conference then."

Let me focus on two elements of the process, starting with the formal negotiations. My right hon. Friend the Foreign Secretary has explained in his written statement to the House today that the UK's engagement in the review process always came with clear red lines. We made it equally clear that, if those red lines were crossed, we retained the option of withdrawing. Specifically, we said that we could not accept a repeat of the flagrant anti-Semitism seen in the Durban conference in 2001. In the outcome text, we would not accept any attempt to restrict freedom of expression, including through the concept of "defamation of religions".

I am glad to say that the UK delegation was instrumental not only in securing our red lines, but in agreeing improved UN language on the issue of racism, which my hon. Friend said was so important. We secured language in the outcome document that stated that the holocaust must never be forgotten and that stressed the importance of the fight against anti-Semitism. We successfully kept out language that sought to single out Israel for criticism. The outcome document was adopted by consensus on 21 April, including by Iran. The document is a significant improvement on previous UN texts, including the 2001 Durban declaration and the programme of action.

I turn to the anti-Semitic rantings of the Iranian President. Some called on the United Kingdom to boycott the conference in expectation of such a statement, or to withdraw from the conference following the Iranian President's intervention. The UK delegation, along with many others, left the conference hall once he started his abusive tirade. We were simply not prepared to leave unchallenged a description of Israel as a "racist state" founded on the "pretext of Jewish suffering". Such a walk-out is not usual in international diplomacy and it sent a clear, strong message that such language is completely unacceptable, as is denial of the holocaust.

The Iranian President's speech received international condemnation, including from the UN Secretary-General and the UN High Commissioner for Human Rights. The Foreign Secretary called the remarks

"offensive, inflammatory and utterly unacceptable",

and said that they were

"all the more shocking and outrageous"

for having been made at the UN's anti-racism conference. In his statement to the conference on 22 April, the British ambassador to the UN in Geneva explained that our delegation had left the hall not only in protest, but in solidarity—this is important—with those targeted by such hateful, anti-Semitic words. Such people include members of the British Jewish community, with whom we enjoyed a constructive relationship throughout the process of preparing for the review conference, and with whom we continue to enjoy a constructive relationship.

Walking out during the Iranian President's statement sent a powerful message, as did our return to the hall to listen to those who sought to engage in a constructive effort to address the challenges of racism today. The reaction of many in the international community, coupled with a successful negotiated outcome document, means that the decision to stay at the conference was right, although it was not an easy option for us to take. I welcome Amnesty International's call for those countries that did not participate in the conference nevertheless to support its outcome document.

My hon. Friend the Member for Bassetlaw rightly asked a number of questions about the UN's role. The UN tackles racism in a range of ways, although there is always room to work within such a multilateral organisation to achieve further improvements. First, beyond the Durban conference, the UN has special rapporteurs on racism and religious intolerance to hold countries to account. Secondly, the Committee on the Elimination of Racial

[Gillian Merron]

Discrimination makes detailed and regular assessments of states, laws and policies. Thirdly, the universal periodic review—the state-to-state peer review process—also covers racism.

I have heard my hon. Friend's suggestion that we have a particular anti-Semitism unit, and I will raise that with the Minister responsible for human rights. Let me return to the conference, however, because it is important to reflect on it. The Iranian President's intervention was undoubtedly an attempt to drive a wedge between nations and peoples. We cannot allow him to succeed, and the UN will continue to be an important vehicle for us in that respect. Where the Iranian President seeks to polarise opinion, we need to work doubly hard to bring people together around a single desire to take concrete steps to combat racism in all its forms, wherever it occurs. The long and painful conference process shows that we can make progress on even the most divisive issues. However, the controversy surrounding last week reminds us just how far we have to go and how important it is that we keep working to tackle such problems.

The focus on last week will sharpen still further the UN's views and its commitment to going forward. As the UN High Commissioner for Human Rights said:

"The best riposte for this type of event is to reply and correct."

He also said that the Iranian President's statement clearly went against the long-standing UN position on equating Zionism with racism, which was adopted by the General Assembly. In addition, the UN Secretary-General said:

"I further stressed the need to look to the future, not to the past of divisiveness."

We must all turn away from divisive messages in both form and substance. We must join hands and work together to achieve a constructive, substantive agenda to combat racism, racial discrimination, xenophobia and related intolerance. The Government remain committed to action against the scourge of racism in all its forms, including anti-Semitism, so that we can secure a fairer future for victims of discrimination around the world. My wish, my hope and our absolute intention is that the events of last week will focus us and the UN still further and that we will seek actions of the type that my hon. Friend the Member for Bassetlaw so rightly calls for.

Question put and agreed to.

1.55 pm

Sitting adjourned.

Westminster Hall

Wednesday 29 April 2009

[MR. JOE BENTON *in the Chair*]

Honey Bee Health

Motion made, and Question proposed, That the sitting be now adjourned.—*(Chris Mole.)*

9.30 am

John Penrose (Weston-super-Mare) (Con): It is extremely good to see a respectable sprinkling of MPs who want to talk about honey bee health at 9.30 on a Wednesday morning. It is several months since we last met to discuss this topic in a debate organised by the hon. Member for Norwich, North (Dr. Gibson), and we were all pleased that he managed to do that. A lot has happened since then, and it is important to record what has happened and to start discussing what needs to happen next.

Before I proceed, however, let me say just one thing. During that debate, a fair number of my parliamentary colleagues—marvellous though they all are—showed an unfortunate weakness for what I can only call weepingly awful bee puns. *[Interruption.]* They are coming already. I simply say this to colleagues on both sides of the Chamber: "If you feel the urge coming on, don't do it. Have a sip of water, stiffen your backbone and hold back on the instinct if you possible can."

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the hon. Gentleman give way?

John Penrose: With trepidation, I give way to the hon. Gentleman.

David Taylor: I congratulate the hon. Gentleman on securing the debate. I saw the previous debate. I reassure him that this is a serious issue and I hope that this debate will not be sprinkled with puns—in fact, what we need, in contrast to last time, is a plan B.

John Penrose: I knew that I should not have given way.

To finish my point, I propose that we have an informal version of a parliamentary swear box, and anybody who makes a pun will have to put a pound in it. I suggest that we put the proceeds in the capable hands of the British Beekeepers Association, whose representatives are in the Public Gallery watching us. At the end of the debate, they can put the proceeds towards bee research, so we will not have suffered in vain and will know that the money has gone to a good cause.

As I have said, important progress has been made since our last debate, which is why I want to hold this debate. There is something to celebrate: put simply, a cross-party consensus has emerged that bee research is important, that it needs to be looked at more closely and that it needs better funding. It is worth stopping to congratulate everybody involved on the campaign. We should also congratulate the Minister on bringing home the bacon—hon. Members will notice that I did not use any honey puns there.

As I have said, we have something to celebrate. We have £10 million of research funding from a variety of sources, including two different research councils and the Department for Environment, Food and Rural Affairs. We also have an additional £2.4 million over two years, which will go to the National Bee Unit. Those are real achievements, and everybody should be grateful to the Government for having listened to the points that were made and a little proud of the fact that the campaign was launched and has been successful. But—this is a big but—the topic is too important for us to leave it at that.

In our last debate, points were rightly made on both sides of the political divide about the importance of honey bee activity to our national economy—particularly our agricultural economy—and to our national environment and ecology. It is worth repeating that honey bees are probably the single most important source of insect pollination in the British isles, although there are other pollinators. We all understand that moths, butterflies, hoverflies and bumblebees play a part, but honey bees are crucial, particularly in the early season; indeed, they still play a large part even in mid and later summer. The reason for that is straightforward: they are more active in the early season, when the weather is cooler, and there are an awful lot more of them. A typical honey bee hive will have several bees in it over the winter, and that means that it will start from a stronger position than a bumblebee nest, which will start with a solitary queen and certainly no more than one or two bees. By the middle of the summer, a honey bee hive can easily have 40,000 bees in it, and a strong colony may have even more. At the height of its powers, a bumblebee nest will have a couple of hundred bumblebees in it. Although other pollinators are important, honey bees are the main event and are the most important.

What led us to debate this issue last time, and what led me to seek this debate, is not only an economic imperative, but an ecological imperative. Honey bees pollinate not only economically important crops, but an awful lot of the wildflowers and trees that we take for granted as part of the British countryside and which contribute enormously to the landscape that we all know and love.

Clearly, therefore, honey bees are important, but their health has been suffering. It must be said that it has not suffered as badly as it has in some other countries around the world. There are horrifying stories from America of commercial beekeepers suffering the near complete loss of hundreds of colonies in the space of a few weeks. Losses have not happened on quite the same scale here, thank goodness, but they have still been significant. Last year, the losses were something like triple the normal seasonal average, and it is important to understand why.

It is important that we do not rely only on research into honey bee health conducted in other countries. Although some of the factors highlighted in research that is done in, say, the American environment apply to Britain, there are important differences. Our climate is obviously different from that in many other countries, because our island is comparatively wet and chilly. Our agricultural practices are also different, so there may not be direct comparisons. Equally importantly, our

[John Penrose]

indigenous honey bees—albeit that they have been quite heavily mongrelised by successive waves of imported bees—have evolved to suit the local environment and may therefore not be identical to, or may indeed differ significantly from, indigenous honey bees in other countries.

It is therefore important for us to have our own research so that we can understand the particular combination of factors affecting honey bee health in this country. Although there is not as yet any cold scientific certainty about what is causing colony losses, there is an emerging hypothesis, and it seems likely that we are dealing with a combination of several factors. Those factors may include agricultural practices, diseases and parasites such as varroa and even climate change and the weather—all sorts of factors could be involved. There is no certainty, only an emerging consensus, and that consensus is still very much open to challenge, which is why work on the issue is so necessary.

Rob Marris (Wolverhampton, South-West) (Lab): I congratulate the hon. Gentleman on securing the debate and on persevering with the issue. Does he agree that although we welcome the vastly increased research funding from various sources, including the Government, there is a risk that too much of the money will be sucked into a registration scheme, rather than being used for research, and will be used to focus much more broadly than some of us would wish on pollinators, rather than honey bees?

John Penrose: I completely agree. In fact, that issue will make up a substantial part of the second section of my contribution, so perhaps the hon. Gentleman will bear with me and hold that thought. If I do not cover any of his points in quite the way that he would like, perhaps he can top up my contribution later.

We have had the welcome announcement of £10 million for pollinator research, plus the extra £2.4 million over two years for the National Bee Unit. We therefore need to move from campaigning to setting up a programme to ensure that the money is spent productively and in a way that hits the various bases that need to be hit to ensure that we genuinely understand the problems of honey bee health. I therefore suggest that we consider setting up an all-party parliamentary group to track progress and make sure that the money continues to be spent in a way that meets the objectives that we and the British Beekeepers Association have laid out, and that that happens with a greater degree of public accountability. Perhaps any hon. Member who is interested in setting up such an all-party group will contact me in my office later; or I could give way to my hon. Friend the Member for Wantage (Mr. Vaizey) who may want to suggest something. Does my hon. Friend want to make an intervention or is he signalling that he would like to be involved in the group?

Mr. Edward Vaizey (Wantage) (Con): I was simply indicating that I would like to be involved.

John Penrose: There we are; our numbers have doubled at a stroke.

There are things that need to be clarified, and we should understand the detail of how the money will be spent, so I have some questions of detail for the Minister. Everyone here is onside with the principle and is congratulating themselves and her on the progress so far, but we need to go into the detail now, so perhaps I can press her on a couple of important issues.

My first point is the one made in the intervention by the hon. Member for Wolverhampton, South-West (Rob Marris), which is that the Government's support is labelled as being for research on not only honey bees but pollinators. I am sure that all hon. Members present agree that other pollinators may need some research, too. Bumblebees, for example, are undoubtedly under pressure, and some species are dwindling rapidly in the UK. I have been told that the same thing is happening to some species of butterfly and moth as well. I do not think that anyone is saying that all Government money must go on honey bee research or the world will end, but the right balance is important. I hope that the Minister's response will reflect the fact that, as I have said, honey bees are the main event for pollination in this country and therefore, from an ecological and economic point of view, it is sensible to give them the lion's share, while not trying to close off research on other worthy causes. Perhaps the Minister will suggest, as far as she can at this stage, what the proportions of the spend will be.

It is important to ask what kind of research will be involved. It is possible that robust proposals that are scientifically extremely interesting will come before one of the research councils for funding from the pot of money that has been announced—I understand that the Biotechnology and Biological Sciences Research Council may well take many of the detailed allocation decisions on research grants—and that those proposals will advance the frontiers of human understanding of pollinator behaviour, or even honey bee behaviour, but that will not help with the problem that we are debating today of honey bee health and the reason why honey bee colonies in the UK are under pressure as never before. Therefore an element of the process must be to ensure that applied criteria, as well as pure science criteria, are involved. There may be a place for pure science, but applied criteria will be important, and it would be helpful to have the Minister's reassurance about that.

David Taylor: Does the hon. Gentleman agree—my intervention is linked to what my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) said a moment ago—that there will no doubt be a tendency as part of the research to reach for the compulsory registration of beekeepers, so that they can be required to supply information? Should that not be avoided, as my constituent, John Dickinson, who is a beekeeper, pointed out when there was a consultation on the strategy last year? We do not want to squeeze out of existence the small hobby beekeepers, because they have a part to play in finding a solution to some of the problems. We must not make it more difficult for them.

John Penrose: I thank the hon. Gentleman for that intervention; if he will preserve his soul in patience for just a little longer I will come on to the point, but if I do not cover it in sufficient detail perhaps he will round it out later.

To come back to the point I was making about whether the research that is supported will be pure or applied research, it is important to understand what mixture is likely. Since we have a pressing practical

problem in this country of British honey bee colonies collapsing for one reason or another, it is important to understand why that is happening happens and to prioritise research that may help in understanding it. I recommend to the Minister a document entitled "Honey Bee Health Research Concepts", issued by the British Beekeepers Association, as a good starting point to show some of the questions to which we need answers. It might be helpful if the Minister would reassure hon. Members that a response is in the works, from her Department or the National Bee Unit, to the paper from the BBKA, which is one of the leading authorities. I understand that the BBKA presented the paper to the NBU a while ago and that a response has not so far been forthcoming; it would be right and proper to provide one.

That brings me to my final point, which has been raised in interventions by the hon. Members for Wolverhampton, South-West and for North-West Leicestershire (David Taylor)—the question of the £2.3 million or £2.4 million of additional money over two years for the National Bee Unit. There is a lack of clarity among the general public about how that money will be spent, and it would be helpful if the Minister were to put much more flesh on the bones. In the absence of detailed information, theories are going the rounds. The most current one, which may be behind the two interventions, is that the money will be spent on an increase in the number of bee inspectors, funded by the NBU, and that those inspectors will spend much of their time ferreting out unregistered beekeepers and inspecting their hives—there is nothing necessarily wrong with that—to get them registered on BeeBase, the Government's all-singing, all-dancing database of beekeepers.

The reason why it is important for the Minister to clarify what is happening is that that analysis of how the money will be spent is creating a fair degree of concern among the beekeeping fraternity and, I think, more widely. I should own up at this point and say that I am a beekeeper. I am one of the small hobbyist beekeepers, so there is no financial interest to declare, or anything of that kind, but I have been a beekeeper for a great many years and may therefore be affected by what happens. I understand that historically the main purpose of bee inspection was, rightly, to find and deal with cases of notifiable diseases, such as American foul brood and European foul brood. That is clearly a sensible use of public funds and has been happening for many years—I think that the process was set up soon after the second world war.

Increasing the number of bee inspectors will not necessarily help us in getting a large marginal improvement in the incidence of notifiable diseases; if it will help, perhaps the Minister will give us some figures. My reason for saying so is that the total annual number of cases of European and American foul brood combined is usually fewer than 500. If we spend £2.3 million to £2.4 million on reducing that number by, say, 10 per cent., that is a very high figure for cutting notifiable disease cases in Britain as a whole. We have a low-level background problem with foul brood, but it is not the burning issue, which is clearly the number of colonies that are dying. Most of the scientific research points the finger not at those two notifiable diseases, but at things such as varroa, which is not notifiable because it is pretty much endemic in this country now and which may play a much larger part.

Why increase the number of bee inspectors if not to deal with notifiable diseases? The suspicion is that it is to find beekeepers who are not registered on BeeBase and get them to register. If that is so, it seems an exceptionally expensive way of creating a mailing list, and, if that is the Government's intention, there must be better ways to do it. What was the Government's intention in creating and maintaining BeeBase in the first place? I hope that the Minister will forgive the degree of justifiable cynicism on both sides of the House about any project that involves a Minister saying, "I have got this great plan for a big database funded by the Government, which is going to be cheap and quick to organise." The history of most Government database projects is not that great.

We need to understand the purpose of BeeBase. If we are trying to improve the state of honey bee health, we must first understand what is causing its collapse. If it is something to do with a combination of agricultural practice and climate change, for example, having a database and a mailing list of beekeepers will not make a blind bit of difference. In all probability, it is not just about those two factors, and there are things that beekeepers could and should be doing to improve standards of insect husbandry. If that is what we wish to achieve, having a socking great database of beekeepers is not necessarily an intelligent first step.

Mr. David Drew (Stroud) (Lab/Co-op): I agree entirely with the hon. Gentleman. Surely one of the ways in which we can improve knowledge is to be more transparent about which pesticides are used, who uses them and how much they are used, as that affects humans as well as bees. The Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment, and the advisory panel on pesticides are still far too covert in the way in which they operate. It is time that we had decent information, which would no doubt provide us with interesting facts about the impact of pesticides on bees as well as human beings.

John Penrose: I take the hon. Gentleman's point. Many in the farming community would point out that over the past 20 years or more, the incidence of honey bee hive death has been dramatically reduced because of changes in agricultural practice. However, it may be that additional changes since then have created some kind of cumulative effect or combined with other factors, which we need to understand. That is why it is essential for this research to take place.

If there is an unintended new side effect from some kind of agricultural practice—I am sure we all hope that that is not true—we must ensure that we shine a light on it. Farmers will be the first to say that they have an interest in ensuring honey bee health, since many of their crops depend on it. They will want to understand this matter and modify their behaviour, if necessary. However, it is important not to victimise farmers and accuse them of anything unless and until we have cold, hard, scientific facts about the contributing factors. If pesticides are a factor, I am sure that farmers will want to adjust what they do.

It is important for the Minister to explain what the money is to be spent on, and what the Government's intention is behind the building of BeeBase. This will not be a one-off job. Figures from the BBKA indicate that roughly 10 per cent. of the beekeeping population

[John Penrose]

start or stop keeping bees in any one year, so there is a high rate of churn. The Government cannot build BeeBase as a one-off operation, as it will not be accurate. They must maintain the database, for whatever purpose it is intended, and that will not be cheap.

The concern is that there might be an element of Big Brother on the horizon. At the back of the mind of someone in the Department, there might be the intention that once most beekeepers are enrolled, enrolment could become compulsory. Once it is compulsory, why should we not start charging beekeepers to register on BeeBase? That would be dangerous, because the British beekeeping population is different from that of other countries. It is not the same as in Australia, for example, where there is a smaller number of very large, industrial-scale commercial beekeeping operations. The vast majority of British bee hives are kept by small, hobbyist beekeepers, such as myself, who have two or three hives.

If compulsory registration is introduced, perhaps attached to a compulsory cost, the likelihood is that the number of beekeepers and hives in this country will fall dramatically. That is important, because given the impact on bee health, honey bees in the wild are far less numerous than they used to be. A typical wild colony set up by a swarm from a beekeeper's hive will last a couple of years before it becomes vulnerable to collapse for some reason, typically varroa or a combination of parasites and infections.

The number of colonies in the wild is dramatically lower than it used to be. A reduction in the number of beekeepers will have a direct and significant effect on the total number of bees kept in the British isles. It is therefore essential that the Minister provides us with more details about how the money will be spent over the next two years and tells us about the Government's ultimate intentions regarding BeeBase and registration. I know that there are others who wish to speak, so I will draw my remarks to a close. I look forward to the Minister's response to the questions that I have raised.

Mr. Joe Benton (in the Chair): Before I call the next speaker, let me point out that I propose to commence the winding-up speeches at 10.30 am.

9.55 am

Dr. Ian Gibson (Norwich, North) (Lab): I congratulate the hon. Member for Weston-super-Mare (John Penrose) on raising this issue once again. It is important to follow through on achievements and to comment on some of the things that we would like to see happen. He speaks as only a beekeeper can, with knowledge of the organism itself. That is important.

This has been one of the most delightful campaigns in which I have been involved since joining the House. It has been an amazing success that started from rock bottom. I remember a Minister once telling us—I will not use the exact language—not to bother, as there was no money in the kitty. Well, £10 million is not bad, and it could be the start of much more funding.

The campaign has been successful, and congratulations must go to the British Beekeepers Association and its past presidents: Tim Lovett, Ivor Davies, David Aston and Norman Carrick, who has been a sterling adviser to the association. Tim Lovett was once a student of mine, and on Friday he will be awarded an honorary fellowship from the new vice-chancellor of the university of East Anglia. I promised that I will re-mark his final papers if they are still in existence on a database somewhere, as I do not think that he got the credit due to him. He has been a real success—it is nice to have a student who makes it, as many have not—but I congratulate all those individuals on what they have done.

I also thank the Minister and the Secretary of State for Environment, Food and Rural Affairs. My right hon. Friend took this issue seriously when he was approached about it, and has been a sterling supporter throughout the campaign, which has been picked up by the media and the public. In many walks of life, we talk about public understanding of this, that and the other, and how that interacts with the media, but there can be no better example than the campaign on bees, which has been handled well. Indeed, there was even a march to Downing street of beekeepers with puffers and white suits, which received a lot of media publicity, and people such as Martha Kearney have made programmes and so on. That puffing display in Whitehall happened on the day that President Obama got elected, so we did not do too badly in getting some media interest at that time.

We must congratulate the campaigners on their cool, quiet approach. The campaign has been effective, not only in this place but elsewhere. It has involved beekeepers right from the beginning, and I am sure that they are pleased to see their hard work recognised. To achieve recognition that this is not only about different types of honey bee, but about the fact that they pollinate crops and are essential to many industries in this country, was put forward as the big plan. I look forward to other campaigns.

I see an old foe of mine, the hon. Member for Wantage (Mr. Vaizey), sitting on the other side of the Chamber. We are going to have a real battle over open access for journals, and about bringing this matter into the public sphere so that people can see what is published and what is not published. I hope that he does not rise to the bait—there will be other occasions when we can enjoy that kind of campaigning.

David Taylor: Will my hon. Friend extend his remarks to note that the campaign has received not only national but international recognition? Some of the things that the UK does at the Food and Environment Research Agency in York, such as the creation of BeeBase, provide probably the best and most credible source of information for good beekeeping advice in Europe. Other countries are sitting up and taking notice, as this is an international issue, not something based only in the UK.

Dr. Gibson: I thank my hon. Friend. It is true—the problems have been much the same across the planet. The value of bees in development and other aspects of agriculture has been recognised in other places. Britain is taking a major lead in trying to find out the causes of the collapse, and that will help other countries to develop their programmes. I know that there is plenty of contact.

The public campaign was not bad. Petitions with 140,000 signatures were presented to Downing street—suddenly, from nowhere, bees were everywhere. When campaigners hear bees mentioned on "The Archers"

they should know that they have arrived. It is the only time that I would listen to "The Archers". I had better not say what I think about the programme because we are talking about Radio 4. None the less, many people listen to it and say, "We did not know that there was a problem with bees until we listened to 'The Archers'." After that, the whole campaign took off. The Minister was not the only person to help the campaign. Lurking in the background was a man called Prince Charles, whose science I have argued with for many years. Although his understanding of nanotechnology is nil and of genetic modification is minus 10, he was correct on this issue, which shows that we should not condemn somebody for everything that they think.

In the past month or so there has been a new funding initiative, which is something that many scientists and medics would die for. The National Scientific and Technical Research Council, the Natural Environment Research Council, the Scottish Government—my goodness—and the Wellcome Trust have come together to put money into that hybrid fund. It is how the money is used that I want to discuss, because we have a once in a lifetime chance to ensure that we do something with it of which we can be proud.

The five funding bodies have different interests, which will make reaching a decision very difficult. It is bad enough when one funding body has to make a decision, but when five of them come together in the same room with different agendas, real skill is required to address the needs of the bee community. The right direction must be chosen; the area of study must be neither too broad nor too narrow. The aim is not to win Nobel prizes in this field, but to resolve a practical problem. The Wellcome Trust itself has an ambition to research pollinators rather than just honey bees, which has already been mentioned. That will have to be addressed in the joint meetings.

The inclination on the side of the funders to be too ambitious has been fanned by the media interest. We must rein back a little and be cool and hard-headed about the decisions we make. Sometimes, scientists get carried away and go down crazy avenues without thinking about the real purpose and effectiveness of a campaign.

As I have mentioned, there are limitations on the £10 million because we want the funding to continue. Understanding bees will be a continuing problem. What we learn from this research will be important in other areas of research as well. We must work out the problem carefully. If public understanding and involving people who know something about the subject are to mean anything, it is essential that research councils stop being hoity-toity and thinking that they know it all just because they have a few greybeards from the science community and fellows of the Royal Society attached. The research councils do not know it all. It is essential that the beekeepers are present, because they have lived with the problem.

Engaging with the beekeepers will be a real challenge, but once councils learn how to do that they will be able to apply the skill to the many young people in this country who study high-flying science but never get involved in funding decisions. Such decisions are made by a few men—I say men because only the odd woman is involved, but the Equality Bill should sort that out. There should be a real change in the way in which research councils operate and engage with people. I am talking about not just getting the money and making decisions, but involving the people who tell them about the problems and how the money can be effectively used.

We are not talking about Nobel prize-winning stuff, although it feels that way because the topic is in the limelight. When an issue gets in the press, some people tend to get carried away and think, "This must all be about molecular biology with a bit of DNA and protein involved. All we need are a few high-fangled pieces of research and that will be all right." That is not what the bee campaign is about. We will not see much cutting-edge technology because it is risky in this case.

I was very impressed by Professor Ratnieks at Sussex university. He is the first professor of apiculture—bee culture. Taking on such a subject is a real initiative by the university and it should be complimented. Ratnieks has a five-year study in which he wants to look at honey bee research. Four of his projects, which cost £250,000 each, should be supported. He wants to breed disease-resistant "hygienic" honey bees, which remove dead or infected larvae and pupae from their cells, thereby reducing the spread of diseases within a colony and disrupting the breeding cycle of varroa mites, which carry the viruses and activate viruses when they bite. "Hygiene" is a natural genetic trait among bees, meaning that it can be bred from normal and low-cost breeding methods. Once a stock of "hygienic" bees has been bred, they can then be provided to beekeepers and introduced into hives. Such a project will produce practical results that can easily be passed on to beekeepers, and it employs a breeding method that has been tried and tested by Professor Ratnieks. Another project takes advantage of successful research developed in other countries on the control of varroa mites and adapts it to the British climate. Such research has been carried out and was successful in the initial experiments and is a low-cost enterprise.

We are in a unique position. We must think practically and logically rather than ambitiously to prevent the decline of the honey bees. We do not need much more media attention—one can have too much of that, as I keep telling the hon. Member for Twickenham (Dr. Cable), whose economics I have engaged with. His economics are not as sound as the press often think. He is rather miserable; I call him "el miserablo" because of the gloom and doom he spreads in this country when he could be talking about some of the good stories in industry.

The reason I became interested in this issue was not because a student of mine was involved, but because I could see that if we did not look after these creatures, on which we depend for more than just honey on toast, we would lose control over food production and the wild environment. Even this morning, I realised that the almonds and the croissants in Portcullis House depend on bees. It cannot be better than that. The establishment of the research fund is very good news so, let us take the opportunity and ensure that it is used wisely and for practical purposes that benefit agriculture and industry and ensure the survival of the honey bee colonies.

10.8 am

Bob Spink (Castle Point) (Ind): I congratulate the Member for Weston-super-Mare (John Penrose) on bringing this important subject to the Chamber. I will try to be brief so that other hon. Members can participate.

[Bob Spink]

The demise of the honey bee and its catastrophic impact have been well covered this morning, particularly in the contribution of the hon. Member for Norwich, North (Dr. Gibson). I will set out a case study, which is focused on my constituency.

In the southern part of Essex, the number of beekeepers is very low. Some 35 years ago, there were more beehives than dogs in walking distance of Castle Point council, but now it is quite different. The only bees belong to Doug Beard, who keeps two dozen hives, but not many in Castle Point because we have built on our green belt and bees need trees and so on for foraging. A superb local lady, Margaret Thomas, runs a beginners class in Essex with an amazing 28 pupils and struggles to find bees for them. Margaret is a rarity; she is probably one of the UK's best and most professional teachers of beekeeping.

After world war two, every county had its own agricultural college—in Essex, it was Writtle college. Embedded within each college was a county beekeeping lecturer. In Essex, it was Ted Hooper, who eventually got a well deserved MBE. In the 1980s, all the CBLs were made redundant because they were deemed to be unprofitable. Looking back, we could question the foresight of that. Many of today's problems might have been exacerbated by the fact that we no longer have professional, properly qualified teachers.

Beekeeping is now taught mostly by volunteers. They are wonderful, superb and enthusiastic volunteers, but they might not always impart the professional knowledge that is needed to keep hives healthy. The Government need to fund qualified beekeeping teachers. The national diploma in beekeeping is a degree-level qualification that is recognised worldwide. I hope that the Minister will address the problem. I know that she is interested in animal welfare—I thought it was just greyhounds, but I am delighted that she is also interested in bees.

The NBU employs seasonal, regional bee inspectors, who should inspect all hives for disease once every three years, but we have not seen one for at least 10 years in Castle Point. The inspectors now spend more time searching for beekeepers than inspecting hives. I am now going to upset a few hon. Members by saying that compulsory registration might not be such a bad idea if it enables those inspectors to do their job more effectively. I realise that others disagree with that view.

It seems that every problem must have a ready solution and that it must not be the fault of the individual beekeepers or even Government policy, so varroa is very convenient: if we all hang our hats on it, we need not do anything. Of course it is a major problem, but it is not the only problem, and it does not mean that we can ignore everything else. That is particularly true in Britain, as opposed to the USA on one extreme and Australia on the other. In Britain, we have two products—Apistan and Bayvarol—to control the mites. When honey bees began to become immune to those treatments, Apiguard was produced and improved bee husbandry methods were introduced. In the past two years, some keepers have applied oxalic acid.

In 2007, Doug Beard had 16 colonies and lost none; last year, he had 24 colonies and lost none. Losses are not inevitable to those who practise good husbandry and have understanding. Typically, beekeepers lose about 10 per cent. of their hives during the winter months and that percentage can be much higher, as everyone knows, but the explanation is not rocket science. As was mentioned, pesticides can be a problem. Combined, cold and wet conditions kill bees, so good keepers ensure that water cannot get into their hives. They ensure—using decent mouth guards, of course—that there is good air circulation and that there is no condensation in the hives.

Lack of teaching must be a major factor in the demise of honey bees in this country. Many of today's problems are exacerbated by poor bee husbandry, as the hon. Member for Weston-super-Mare explained. We need research so that we understand better the connection between varroa and viruses, particularly deformed wing virus and acute paralysis virus.

Government funding is very welcome, but what about some finance from the beekeeping industry? The Minister will have heard that. A search of the Charity Commission's website reveals many beekeeping associations with cash in the bank. The International Bee Research Association has £300,000; Surrey Beekeepers Association has £100,000; the associations in Cheshire, Essex and Yorkshire have money; the BBKA has £200,000; and the association in Kent has £100,000—as the right hon. Member for Hitchin and Harpenden (Mr. Lilley) once said, I have a little list. Actually, my list is quite long, and those are only the registered charities: the C. B. Dennis British Beekeepers Research Trust has the best part of £1 million in the bank.

Perhaps the Minister will find the suggestion of funding from the industry the most helpful one that I make today, even if the beekeeping community does not. Perhaps Government money should be match funded from the beekeeping side. The latter could at least make some effort. Ministers are used to MPs asking for them to provide money—it happens all the time—so I shall end my speech on that note and leave the Minister with a smile on her face.

10.14 am

Willie Rennie (Dunfermline and West Fife) (LD): I congratulate the hon. Member for Weston-super-Mare (John Penrose) on his entertaining and knowledgeable speech. I am disappointed, however, that the BBKA will not get rich from what has been said in the debate so far. Perhaps hon. Members will now make awful puns, so that the association makes a fortune. However, so far, the hon. Gentleman's warning has had a significant effect. I congratulate him on that and on how he presented his case.

The hon. Member for Norwich, North (Dr. Gibson) was right to preach caution. There has been great enthusiasm and excitement about Government funding, but we need to be cautious about what we can achieve with it. It is a long haul and a lot of ingenuity and energy will be required to achieve success. The hon. Member for Castle Point (Bob Spink) was brave in suggesting that the beekeeping associations should contribute. I am not sure how many beekeepers are in his constituency, but they may well be writing to him with their views from now on.

I have every reason to detest bees—I spent most of my childhood being stung by bees owned by my father and grandfather in my back garden. I spent many hours travelling from Strathmiglo so the bees could get the

benefit of the late summer heather up in the moors of Glenturret. I can reveal that after 30 miles in the back of a van, bees are not very happy. One has to learn to run extremely fast when one opens the hive. Perhaps that early training is why I enjoy running half marathons and hill races.

Despite those early experiences, I have great admiration for bees: for their military discipline and incredible hard work, and for their generosity with their produce. If the Liberal Democrats had half of bees' military-style organisation, we might be sitting on the Government Benches. However, I am pleased that the Government have recognised—some say belatedly—the importance of the honey bee. That a significant sum of money has been forthcoming is great and I hope that more will be provided if it is required. It is important to recognise that the Government have made progress and that they have given the matter the necessary priority.

That progress is partly owing to the success of organisations such as the BBKA and its branches. The West Fife association in my constituency is a thriving organisation. I recently went to a meeting where there were about 40 beekeepers, half of whom were new. It was encouraging that, despite the news and the gloom about the future of bees, lots of people were coming forward. Perhaps their interest is partly because of new organic lifestyles, which is good, but I hope that it is also partly because we have great confidence in the future of bees.

I want to ensure that research funding recognises the special circumstances in Scotland. We heard how the special British weather has an effect on bees, but I am advised that the weather in Scotland is even more special, which influences the effectiveness of the available treatments. We do not know for sure whether there are special circumstances in Scotland, but we want to ensure that the matter is investigated. If they do exist, we hope that they are recognised in the research funding. I am glad that the Scottish Executive have given some money. I am sure that they are arguing their case to ensure that there is a special Scottish angle, but I wanted to reinforce the point.

Speedy access to new medicines has not been mentioned. I understand that there are some blockages. There are always complaints from patient organisations about speedy access to new medicines and it is the same in beekeeping. Has the Minister made progress in ensuring that any new medicines that come on to the market are made available as soon as possible in the UK?

On the qualifications to treat, most vets, perhaps until recently, would have laughed at the thought of treating bees. They have lots of other animals to treat, such as cats, cows and dogs, and they would never have thought about treating bees. It is important to send vets the message that they have an important role in treating bees. There are not enough vets who can do the job. We need to ensure a sufficient number of qualified people. Perhaps we could have a separate qualification of bee expert that entitled people to treat bees. The fact that registered medicines are involved might be an issue, but I would like the matter to be explored, so that we can get lots of people out there to meet the challenge. It is a big challenge, and we need lots of experts to ensure that it is properly treated.

On BeeBase, it is a great thing that we have a voluntary scheme. It would be a distraction to make it compulsory. In future we might find it necessary to do so, but just now the main effort should be focused on dealing with the main problem. I do not think that a compulsory scheme would be advisable.

To summarise, there are four key points. The first is priority—it is great that it has been recognised that bees are important. The second is the special circumstances in Scotland. The third is ensuring speedy access to new medicines, and the fourth is ensuring that there is a sufficient range and number of people who can treat bees in order to meet this great challenge.

10.21 am

Mr. Edward Vaizey (Wantage) (Con): I am grateful to be speaking under your chairmanship, Mr. Benton. I congratulate my hon. Friend the Member for Weston-super-Mare (John Penrose) on securing this important debate. I thank the hon. Members for Castle Point (Bob Spink) and for Dunfermline and West Fife (Willie Rennie) for avoiding the temptation to drone on and for giving me the chance to speak on this important issue. I think that we are all united in wanting a return to boom and buzz. Surely my hon. Friend will agree that that pun is so bad that it should keep the British Beekeepers Association in funds for the foreseeable future.

Even studying Virgil—the hon. Member for Dunfermline and West Fife gave a good Virgilian translation about the industry and work load of bees—did not give me a love of bees. I did not learn to love the bee until I became the hon. Member for Wantage—well, the Member for Wantage; I must not get above myself—and discovered that Rowse Honey was located in Wallingford in my constituency.

All hon. Members will know about Rowse Honey, even if they do not realise it, because it produces a third of the honey found on supermarket shelves. It imports honey from all over the world and blends it. Rowse invented the plastic honey pot that can be squeezed. It now employs 170 people and is, incidentally, a fantastic company within the community, giving a great deal of money to local charity. I pay tribute to Richard Rowse, who recently left the company, and David Bondi, its new managing director. Rowse has put its money and profile where its honey jars are, as it were, by donating £100,000 to the research of Professor Ratnieks, which the hon. Member for Norwich, North (Dr. Gibson) ably summarised. It has also run a campaign to save the honey bee by making it prominent on all Rowse honey jars.

I need not detain this knowledgeable House full of apiarists with facts about the importance of honey bees. Suffice it to say that an estimated one third of the food that we eat depends on pollination. That includes a range of important fruits such as apples, pears, peaches, strawberries and blackberries and vegetables such as carrots, broccoli and onions. Some £165 million of the food market—I suspect that that is an underestimate—consists of produce that depends on honey bees for pollination. Almonds have been mentioned. Eighty per cent. of our almonds come from the United States. Every year, bees are trucked from Florida to California to pollinate those almonds. Without bees, we would have no almonds. Bees also produce 1.4 million tonnes of honey, of which we in Britain consume 6,000 to 7,000 tonnes.

[Mr. Edward Vaizey]

There has been a steep decline in beekeeping. If we were debating this subject in 1909 instead of 2009, we would be able to refer to 1 million hives in this country; if we were debating it in the 1950s, we would be able to refer to 400,000. Today we can refer to only 274,000. The decline is precipitate. In the winter of 2007-08, it is estimated that the collapse in hives was around 25 per cent. We would normally expect a 4 per cent. decline during the winter and a 10 per cent. decline during a very bad winter. I think that I am right in saying that 25 per cent. is unprecedented. In some areas of the United States, the collapse has been as much as 36 per cent.

The decline in hives has led to a new crime of which hon. Members may be aware: bee rustling. A hive now costs about £250, so it is more common than ever for hives to be stolen. In a recent case in Shropshire, 18 hives were stolen, to the value of £5,000.

We are discussing, of course, the phenomenon of colony collapse disorder. The hon. Member for Norwich, North mentioned the varroa mite, a well understood parasite that attaches itself to bees and infects them. He rightly referred to Professor Ratnieks' research into breeding hygienic bees that clear up after themselves and remove dead bees from their hives, making it harder for the varroa mite to breed, but there is also a concern about the possible effect of pesticides on bees. One of the features of colony collapse disorder is that one does not come to the hive and find a lot of dead bees; one comes to the hive and finds no bees. They have not necessarily been killed by the varroa mite.

There is a theory that pesticides destroy bees' brains, making it harder for them to find their way home. It is interesting that urban bees are doing better than rural bees. Some people posit the theory that that is because there are fewer pesticides in an urban environment. There is also the stress of travel. It is not just the hon. Member for Dunfermline and West Fife who finds it stressful to travel with bees—bees themselves, as he mentioned, find travel stressful. Bees are moved around a great deal, particularly in the United States. There is also, of course, the phenomenon of climate change.

Research is essential. I welcome the Government's increase in funding. I note that when I posted my concerns about funding levels on my blog, it took the Government two days to increase funding. I am hoping that after this speech, funding will have doubled again by the end of the week; I know that cause and effect are present.

As so many substantial points have been made throughout this debate, I want to make only one. It concerns the pace at which funding can be applied. I understand the need for peer review and the need to ensure that projects funded by the Government are properly assessed, but I refer once more to Professor Ratnieks, the man of the moment, our first professor of apiary. As I understand it, he needs about £650,000. He is running four projects, collectively called the Sussex plan, that are designed to provide stop-gap measures for beekeepers, to find the reasons behind colony collapse disorder and perhaps even to find a cure. His fourth project has been planned out, but it desperately needs funding.

The delay engendered by peer review means that the projects funded by Government money will not be under way until autumn 2011. I am happy for the Minister to correct me, but that is what I have been told. Given the urgency of the research needed, my plea to her—the one point that I can add to the excellent points made by hon. Members throughout this debate—is to ensure that the funding comes on stream as soon as possible, so that that urgent research can be undertaken as quickly as possible.

10.28 am

Tim Farron (Westmorland and Lonsdale) (LD): It is a pleasure to serve under your able chairmanship, Mr. Benton. I pay tribute to the hon. Member for Weston-super-Mare (John Penrose) for his persistence on the issue and his incredibly well informed and fluent speech. Other Members' contributions have been well informed as well.

We have mentioned puns, jokes and so on. One problem that we have come up against in the campaign is that the issue is simply not taken seriously. It is important to say that we have much to celebrate in terms of the additional funding provided, but the campaign had to succeed against a sense that the issue was trivial. The hon. Member for Norwich, North (Dr. Gibson) poured scorn on my hon. Friend the Member for Twickenham (Dr. Cable) when he raised this issue. However, my hon. Friend was right on the bees and on the banks, although he was not taken seriously when he first spoke about the bees.

I remember meeting Lord Rooker a few years ago. I should say that I have a tremendous amount of time for Lord Rooker, but when I spoke to him and his civil servants about this issue, I got the sense that they were listening semi-sympathetically but actually thought it was all a bit silly really. So I am very pleased that we have got to this situation, and great credit must be paid to the Minister and others involved in her Department that the issue has now rightly been taken seriously.

It is important to state how vital a role the national association, the British Beekeepers Association, has played, but local organisations have also played a key role. My hon. Friend the Member for Dunfermline and West Fife (Willie Rennie) referred to his local beekeepers association. In my area, the Furness and District Beekeepers Association has been my main source of information. Without local beekeeping associations, many of us here would not have half of our information on this vital subject.

None the less, the plight of the honey bee has been trivialised and overlooked, to the extent that vital action to protect British bee colonies has been delayed. Only time will tell whether the action that will be taken will be sufficient to prevent disaster. The threat to our honey bees comes from an alarming range and combination of sources. We have already heard about many of them, such as the parasitic varroa destructor mite, the aethina tumida larvae, which infests bee colonies and preys upon bee larvae, viral diseases and, of course, the devastating colony collapse disorder, which is frankly a mystery. CCD has not yet been traced in this country, as far as we can tell, but nevertheless it is absolutely terrifying, and it has had a devastating impact in the United States, of course.

The result of those diseases has been the loss of virtually all Britain's wild honey bee population and about a third of the overall bee population. In certain areas, the loss has been particularly devastating. In London in the winter of 2007, two thirds of the city's bee colonies were wiped out, and the 2008 UK honey harvest was down by about 50 per cent. That is clear and tangible evidence of the consequence of the staggering drop in bee numbers. To refer to Lord Rooker again, in November 2007 he concluded that if things did not change, the British honey bee would be extinct within 10 years.

Bees play a vital role in our ecology. Experts describe the impact of the loss of bee populations as the key trigger in what they call an "extinction vortex", which would lead to the loss of plant life and consequently impact on other aspects of the food chain. The commercial value of the British bee population is estimated to be in the region of £200 million a year, due to the role of bees in enabling the cross-pollination of crops. However, if we add the supermarket mark-up, the figure for the financial value of the bee industry is nearer £1 billion; perhaps that is an issue for the supermarket regulator to deal with. We have heard from many sources today. Different sources give different figures, but it is estimated that about 35 per cent. of our diet is dependent on bees, because they are the principal pollinator of farms and gardens. All that evidence means that we must ensure that the investment that goes into saving our bees is commensurate with their enormous economic and ecological value.

There is nothing esoteric or quaint about this issue. The hard realities of lost bee populations and their essential value to food production and farm productivity are demonstrated by the increasing numbers of farmers who are importing bees from southern and eastern Europe, at considerable cost to themselves. However, that cost is nothing compared with the huge cost resulting from the loss of bees and their contribution to crop growth.

Among the difficulties that the Department for Environment, Food and Rural Affairs faces in tackling this crisis is that its ability to respond depends on its ability to deliver information to beekeepers and to provide inspection services. However, it is estimated that about 20,000 beekeepers in Britain are not known to DEFRA. Given that four out of every five cases of bee disease are diagnosed by inspectors, that is a huge blind spot. I agree with the majority of contributors to the debate today who say that we do not need and must not have a compulsory register of beekeepers. However, we must acknowledge that blind spot, and we need to think of sensitive and effective ways to deliver information.

John Penrose: I just want to point out, for the record, that there is a degree of uncertainty about the figures that the hon. Gentleman has just quoted. The BBKA certainly believes that the number of unregistered beekeepers is substantially smaller than that figure of 20,000, although everyone accepts that there is a reasonable number of unregistered beekeepers out there.

Tim Farron: Indeed. We cannot know the details of an unknowable, and the hon. Gentleman is correct to make that point. That is one of the reasons why we need to be careful about over-emphasising that issue. Having said that, the number of unregistered beekeepers is a blind spot and our ability to deliver information, including information about regulations and correct practices for example, and even treatments depends on our ability to know where the beekeepers are.

We also need to have more comprehensive ways of delivering information and of ensuring helpful and sympathetic inspection. However, there are indicators that that is not currently the case. For example, the recent report by the National Audit Office showed that many beekeepers had not been made aware of many of the regulations on importing honey bees.

There are too many unknowns, as many hon. Members have mentioned today. We talk about the grey squirrel effect, for example. To what extent are we losing bees due to native species being forced out by more aggressive foreign bees? There are other factors. For instance, there is the threat of climate change, including the effect of wet weather on mating patterns and on preventing bees from foraging for enough nectar and pollen to see them through the winter months. All those potential threats need to be understood, and they need to be understood quickly.

There are also many perceived hazards that may affect bee populations. In particular, we have heard about pesticides. However, it is important at this stage that we acknowledge that there is currently no evidence that indicates that pesticides are a factor in colony losses, and we should not allow such issues to divert us from taking urgent action on those factors that are known to cause colony loss. Examining the perceived hazards could be a serious distraction.

Until 2007, the Government dedicated only £200,000 to research into bee health in England and the overwhelming majority of that money was spent on meeting statutory obligations rather than on focusing on the urgent problems faced by beekeepers, such as the varroa parasite. Once again, the NAO concluded that DEFRA's attempts to control varroa have not prevented it from becoming endemic. Only last month, a senior DEFRA civil servant appeared before the Public Accounts Committee and confirmed that bee health had not been a priority for the Department. However, that was an honest admission, and it is impressive that we are now moving forward.

It is important to welcome the Government's recent announcement of significant funding for research. For some time now, many of us have been backing the BBKA's campaign for increased research funding, and so it is extremely encouraging that it has been granted. However, I want to emphasise a point that others have already made, which is the lack of clarity about where the £10 million of research money will be targeted. After the fanfare that accompanied the announcement of that £10 million, it is now clear that the research that it will fund will investigate the problems faced by all pollinators. We accept that approach, up to a point. However, I understand that there are 2,500 species of pollinating insects in this country, including about 250 species of bee, only one of which is the honey bee. Given that the honey bee is responsible for more than 50 per cent. of the pollination of wild plants, there is real concern about a lack of clarity regarding the research money and specifically about how much will be spent on researching honey bee health. So I just want to ask

[Tim Farron]

the Minister to confirm today that the overwhelming majority of that funding will be directed at research into honey bees.

We need an immediate shot in the arm for bee health research, and we need to ensure that any treatments are delivered effectively. My hon. Friend the Member for Dunfermline and West Fife pointed out another issue that is holding up effective treatment, which is the fact that bees are classed as livestock. It is often the case that a vet is required for any treatment. I want the Minister to confirm that she will lobby for a change in the EU regulations, under the veterinary medicines directorate, to allow not only vets but bee experts, including beekeepers, to decide on the use of treatments in order to ensure that we roll out those treatments effectively.

In conclusion, we must also look to the future. Repopulating mainland Britain with wild bees, as well as restoring the strength of farmed bee colonies, must be a medium-term aim. To that end, we should look to use disease-free communities, such as the Isle of Man, as nurseries, to allow healthy bee hives to be brought back to the mainland, so that we can ensure a growth in the populations of both wild and commercial bees.

My final point is simple. This campaign has been going on for some time, and we came up against the issue of credibility, in that it was difficult to be taken seriously by the Government. For all those who have been involved in the campaign at every level, it is immensely encouraging to see that we have achieved such a lot. Consequently, although it is important that we ask the key questions, about how this research money will be delivered and targeted and about many other issues, it is important that we are not churlish and instead give credit to the Government for taking this issue seriously, albeit belatedly.

10.39 am

Mr. Richard Benyon (Newbury) (Con): Like others, I pay tribute to my hon. Friend the Member for Weston-super-Mare (John Penrose) for securing the debate and for showing such a knowledgeable understanding of the problems facing beekeepers and honey bee populations in this country. I particularly welcome the fact that he is setting up an all-party group, which I will certainly follow closely. I hope that the group will track the welcome new funding and that it will be effective. I also pay tribute to the hon. Member for Norwich, North (Dr. Gibson) for supporting last year's effective lobby and for his unswerving support for beekeepers across the country.

Honey bee health is arguably one of the most pressing environmental issues of our time, and the population of honey bees contributes around £200 million to the UK's agricultural economy. Our bee population is declining at such an alarming rate that the relevant graph shows that it could be effectively wiped out within 10 years. It has never been more urgent that we address the problems facing honey bees in an effective and timely manner.

We have heard eloquent descriptions today of the plethora of threats from diseases such as the varroa mite, foul brood and colony collapse disorder, which is the collective term given to the disappearance of bees. As has been pointed out, bees also face the effects of climate change, habitat loss, intensive farming and insecticides. It is worth contemplating the point made by the hon. Member for Stroud (Mr. Drew). Speaking as a farmer, I shudder when I think back to the sort of things we were persuaded to use by agronomists in the early 1990s and 1980s to cope with problems such as the orange blossom midge. The insecticide situation is much better now and farmers understand the need to be extremely cautious. In that respect, best practice and regulation have worked, but more needs to be done. I hope that some research will be done into whether systemic pesticides are part of the problem and whether other forms of pesticides, in relation to which the situation is so much better, are a diminishing problem. A great deal of work needs to be done on that.

Like other hon. Members, I pay tribute to the British Beekeepers Association. It was a great pleasure for me to attend its spring convention at Stoneleigh recently and to see so many thousands of enthusiastic people, who were determined to tackle the problems faced by honey bee populations. It was a pleasure to meet Norman Carreck, who works with Professor Ratnieks in Brighton at Sussex university. I look forward to going down there to see first hand the wonderful work that they are doing. I also pay tribute to the west Berkshire branch of the BBKA. It is a wonderful local organisation and it has guided me in an important part of my brief.

The lobby that took place last year was one of the most effective lobbies of Parliament that I have seen in my short time here, and it was a great tribute to all those involved. I could be churlish and complain and whinge about the lack of funding in the past but, in the spirit of the debate, I pay tribute to those who have campaigned effectively and to those who have listened and enabled increased funding to be secured. It is important to consider the detail of where the funding could go. There are considerable concerns, and I hope that the Minister will tackle those in the time that she has.

Let us consider the funding element. The Department for Environment, Food and Rural Affairs has marketed new funding for research into bee health, but it is not clear how much will be spent specifically on research into honey bee health. Although up to £10 million of extra funding has been pledged, that money will be spread around research into all pollinators, as we have heard. The figure that I have in my head—although that figure has been slightly varied by today's contributions—is that 80 per cent. of the pollination that we require to sustain our ecology and agricultural crops comes from the honey bee population.

Whatever the statistic is, honey bees are by far the most important pollinators, and they are the pollinators that we can most affect by good research. It is vital that the vast majority of the research is directed towards honey bees rather than other types of pollinators. Moths, butterflies, hoverflies and bumblebees are important, but they are a mere sideline when compared with the importance of the honey bee population. Money could effectively be wasted on albeit well intentioned research into pollinators that could turn out to be far less relevant to crop pollination. When the new funding for research projects is allocated, I hope that the Minister will reassure us that honey bees will be given priority.

The Government's much anticipated "Healthy Bees" strategy, which was published in March this year, outlined the Government's aim

"to achieve a sustainable and healthy population of honey bees for pollination and honey production in England and Wales via strengthened partnerships working between Government and other stakeholders."

I wholeheartedly agree that that should be our aim, but, of course, actions speak louder than words. Despite the Government's claims that they aim to strengthen partnerships between themselves and other stakeholders, the "Healthy Bees" document, which was drastically reduced in size from 45 pages to just 12, was only released for the consideration of stakeholders on the Friday before its Monday launch. That is not a great start. I ask the Minister to take those points on board.

The National Bee Unit will play a key role in the Government's "Healthy Bees" strategy and will receive a significant chunk of the new funding. The unit has been criticised for its failure to share information with stakeholders, and the National Audit Office report on "The Health of Livestock and Honey Bees in England" states that the NBU had

"not given sufficient emphasis to sharing the findings of its research more widely".

The report further recommends that the NBU

"share information with the relevant associations".

A lack of consultation with such key people as our beekeepers at that level does not bode well.

As we have heard in the debate, a large proportion of the funding going to the NBU will be spent on BeeBase, which is a database of beekeepers in the UK. According to the NBU, that database is currently seriously undersubscribed. Knowing where our beekeepers and therefore our honey bee colonies are is, of course, important, particularly for the purposes of disease identification. However, ploughing money into a database seems a somewhat abstract way of tackling honey bee health, particularly when the BBKA already has an impressive database of members with whom they are in regular contact. It is important that the NBU takes steps to try to work with the BBKA and that it pools its resources. According to the BBKA, that has not been happening so far.

If there are beekeepers who have not joined the BBKA as members, what would make them join a central database? It needs to be made clear how the NBU plan to incentivise BeeBase to encourage the remaining few beekeepers to join. I would like to tackle the point about compulsion. I entirely agree with my hon. Friend the Member for Weston-super-Mare: compulsion would not be a good move forward. Surely, a far more effective method of making a real difference to honey bee health is to work in partnership with organisations such as the BBKA to reach more beekeepers, harness their knowledge and expertise, and provide better education and training at a local level. Although the Government and the NBU claim that that is their aim, we need to see more action to establish exactly how that will work.

What is next for our bees? Increased standards of bee husbandry are key to tackling the decline in the honey bee population. Research absolutely must be fed down to beekeepers quickly and efficiently for it to make a real difference to honey bee health. Through improving access to education and training on issues such as hive health, feeding and management, we can ensure that bees are given the optimum nutrients and environment that they need to survive.

In the last few minutes of my speech, I shall make an important point about habitat loss. In my part of southern England, agriculture practices have changed in a way that means the Berkshire downs are almost entirely arable. When I was a child, they were almost entirely mixed farming enterprises, which meant that bee colonies did not have to travel as far to find pollen. Periods of pollination are extremely short, so that could well be contributing to the stress from which bee colonies are suffering, and hon. Members have already talked about that.

We need to consider how we support and incentivise farmers in terms of biodiversity. The loss of set aside will have had a major effect. We should encourage farmers to plant crops such as phacelia—I plant it at home—which is a popular plant for bees and other pollinators. Those are the sort of things that can help to reduce stress, increase the amount of pollinators available and help bee colonies in a major way. We also want better summers—I know that that is not in the gift of the Minister, but I am sure that she can have a word with someone about it.

I finish by paying tribute to Martha Kearney, who produced a very good documentary on the subject for the BBC. She made one vital point, which is a good one on which to finish: honey bees are the environment's canary in the mine, and their decline should be regarded as a potential warning that massive change is taking place within our environment, change that will affect us all.

10.50 am

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): It is a pleasure to serve under your chairmanship once again, Mr. Benton. Every time I speak in Westminster Hall, I come with a well prepared, thoroughly thought through and balanced response, and on every occasion—I do not know why I continue to be taken aback—I have to depart from it because of the well argued and elegant contributions of other Members, such as those we have heard this morning on this important subject.

I want to mention the contributions made by Members who have since left this Chamber: my hon. Friends the Members for North-West Leicestershire (David Taylor), for Wolverhampton, South-West (Rob Marris) and for Stroud (Mr. Drew). Although not all the Members who have taken part in the debate are beekeepers—I certainly am not—it seems that there are many more beekeepers in the House of Commons than I would have thought was likely. I hope that I am not breaking a confidence, but I know that the hon. Member for Central Suffolk and North Ipswich (Sir Michael Lord) used to be a beekeeper.

I congratulate the hon. Member for Weston-super-Mare (John Penrose) on securing the debate. I will not be able, in the short time I have to respond, to cover all the points raised, or to give the kind of detail I would like to share with Members on our thinking for the next steps of our programme to understand the issue, work out a plan for tackling problems in bee health and take it forward.

[Jane Kennedy]

I will respond quickly to some of the key points that have been made. To all those who have expressed concern about whether we should have a voluntary or compulsory registration scheme for beekeepers, I say that my instinct is always, wherever possible, to encourage co-operation through a voluntary method. If we look at the experience of other countries wrestling with the problem, we will see that there are mixed views on, and experience of, compulsory schemes. Although we may need to keep it under review, I prefer to proceed with a voluntary scheme.

The hon. Member for Weston-super-Mare was worried about whether BeeBase will be a development or extension of Big Brother and how we will use the inspectors. I want to respond to the debate and to discuss the increased funding for the National Bee Unit. If he is successful in establishing an all-party group on bees, which I encourage him to do, I will be the first to invite it to visit the NBU at the Food and Environment Research Agency's base in York. I am sure that the unit would be delighted to be visited by interested MPs and that the House would benefit from Members having the opportunity to meet the unit's staff and our inspectors to understand more about their comprehensive programme of work.

I enjoyed the contribution of the hon. Member for Castle Point (Bob Spink). I did not agree with everything he said, but I was interested to hear some of the comments on how beekeeping used to be taught. Those are all issues we will want to consider carefully, but the increased funding for the NBU is only one part of our programme. I must pay tribute to my right hon. and noble Friend Lord Rooker for laying the foundations of the work, which I was then able to accelerate, in response to what was clearly developing into a pressing problem. We give him full credit and are grateful for that work.

The healthy bee plan has been published. The hon. Member for Weston-super-Mare quite rightly advised us not to use puns in this debate, and we debated vigorously and humorously what to call our healthy bee plan. The Co-operative beat us to the name, "Plan Bee", so we decided to go for the much more prosaic and downbeat, "Healthy Bees". None the less, it is a serious programme of work, and we are absolutely committed to seeing it taken forward.

Another part of our plan relates to research. My hon. Friend the Member for Norwich, North (Dr. Gibson) is a hard man to argue with on the matter, as he knows so much more than I do about it, and I agree in large part with what he said. The research programme will be robust and carefully evaluated. I wish to reassure the hon. Member for Wantage (Mr. Vaizey), whom I congratulate on his entertaining speech, that we certainly hope to see the first project starting before the end of 2009. The call for proposals is already being made, and we are now in the spring, so I reassure him and encourage those who might be considering putting in bids for research that we are inviting people to make to do so now.

It is important that I join others in paying tribute to the British Beekeepers Association for its role in raising the profile of the issue. I can assure the hon. Gentleman that its research paper will be considered not only by me and the Department for Environment, Food and Rural Affairs, but by those who will determine the shape of the research as it proceeds, so it will inform decisions on the research.

I have been asked several detailed questions, but if I do not manage to answer them all, I will write as fully as possible to every Member who has participated in the debate. I have been asked how much will be spent on honey bees from the research programme. I want to share with Members the carefully crafted advice that I have received on that:

> "I would expect the research allocation to be broadly proportionate to the importance of honey bees, relative to other pollinators."

The fact that we refer to our plan as the honey bee plan indicates how important we accept honey bees to be. They are, as the hon. Member for Weston-super-Mare rightly noted, the first pollinators out in spring.

In the short time I have left I wish to pay tribute to Martha Kearney. Watching her documentary was one of the few occasions recently when I have been able to say that the BBC did a really good job. It was an excellent programme. Those who missed it should watch it, because it was balanced and explained carefully the full range of challenges facing bees. [Hon. Members: "The Bee Bee Cee."] I will not be drawn down that route.

Those responsible for the research funding will seek to ensure a balanced programme. The hon. Member for Dunfermline and West Fife (Willie Rennie) made a good speech in which he congratulated the Scottish Parliament and the Scottish Government on their contribution, and I agree with him on that. One of the reasons why we made the announcement on funding after the announcements on the healthy bees plan and on our commitment to the NBU, was that we were working hard to bring together all the partners. As I have said, I will write to Members in greater detail. I am grateful to those who have acknowledged the Government's commitment to the issue. We have a lot of work to do on it, but I can promise all those interested that the Government take the issue extraordinarily seriously. I think that any half-way educated person can appreciate the importance of bees to our environment, our food chain and, therefore, our country.

Libya

11 am

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Thank you, Mr. Benton, for calling me to introduce this important, timely debate on Anglo-Libyan relations. I have been chairman of the all-party group on Libya for the past two years and I feel that a country that is so close to us—just three hours away by plane—presents us with huge opportunities for trade and investment. I want Britain to benefit from trade with Libya, particularly as our relations with that country are improving rapidly.

In Tripoli, which I have visited, meeting people in the streets and so on, there are many products from Europe in the supermarkets and shops but few British goods on offer, which is a great shame. I want to do everything possible to encourage and promote British trade with Libya. I ask the Minister to say what her Department is doing to increase our share of exports to Libya.

I took a delegation to Tripoli in 2007 to mark the 38th anniversary of Colonel Gaddafi's coming to power. It is good that we go there and talk about political matters, but politicians should also be focused on increasing trade as well. So many delegations that we send out to such countries talk pleasantries and discuss politics, but they do not really do anything to help directly British interests in these places. Although such high-level contacts take place, including between Heads of State and parliamentarians, there is not the opportunity to take our own businesses and introduce them as well.

I approached the Inter-Parliamentary Union to fund a visit of mine to Riyadh, because I am also chairman of the all-party group on Saudi Arabia. The IPU said, "No, we will not fund your visit if you take industrialists, because we are only interested in politicians going out to Saudi Arabia and interacting with politicians and talking about political issues." Frankly, when we are going into a recession and one of the ways that we are going to get out of it is through increased exports and getting foreign currency into our country, there should be an onus on parliamentarians to do everything that they can to help businesses as well. I urge the Minister to try to give some thought to how we can devise a formula or an exchange here in Parliament whereby parliamentarians can take out businesses to such countries, introduce them to high-level contacts and help them secure the business that is so vital.

When I took a delegation out to Riyadh last year, we had three hours with King Abdullah of Saudi Arabia. Many organisations that I know of would love to be able to have such high-level discussions. Interestingly, Arab leaders are highly critical of the lack of interaction between Britain and them in terms of commercial opportunities. They are always saying to me, "We need you to do more to bring British companies out here so that we can do business with them."

I will be leading a delegation to Tripoli on 1 September to mark the 40th anniversary of Colonel Gaddafi's coming to power, so I hope that the Minister may be able to do something in advance of that visit to help us to help British businesses to come out with us.

Mr. Nigel Dodds (Belfast, North) (DUP): I congratulate the hon. Gentleman on securing this debate. There have been a number of Adjournment debates on Libya and its relations with the United Kingdom. Does he agree that, in terms of normalisation—it is important that Libya moves to normal diplomatic relations with other countries—it is important to address the fact that Libya has yet to pay compensation to the victims of the terrorism that it funded over the years, in Northern Ireland and the UK? The need to resolve that issue in terms of achieving closure for the victims has cross-party support in the House and elsewhere.

Daniel Kawczynski: I agree with the hon. Gentleman. Later in my speech I will come to my discussions with the Libyan ambassador, and discussions in Libya itself, about the vital need to close that tragic chapter in our history. We will not flinch from raising those important, controversial issues with Libya.

I want people to know more about Libya, which is why I am now writing my first ever political biography on Colonel Gaddafi. I hope to have that book published for 1 September, to mark the 40th anniversary. I have to say that it is the most difficult project in which I have engaged in my life. I am not a natural author and I get a lot of writing block, as I think it is called. Nevertheless I am trying to write the book and, if I publish it, I will let the Minister have a signed copy.

I have regular meetings with the Libyan ambassador, Mr. Jelban, an excellent man who represents his country well. I have recently been asked to become chairman of the Conservative Arab Network. I hope to use my position in that organisation to try to enhance our country's relations with Libya.

Before I go on, I should like the Minister to know that, were she ever to visit the British war cemetery in Tripoli, she would see an extraordinary sight. It is one of the best maintained war cemeteries that I have ever seen in my life. On going through the gates, one sees immaculately cut lawns and beautifully maintained headstones; the whole aura is extraordinary. I spent a morning walking up and down row upon row of headstones, many of which were erected for those who died in January 1943 when Tripoli was liberated. That brings home the extraordinary sacrifices that so many of our service personnel, including the desert rats, made in the second world war in North Africa to liberate Tripoli and the whole of Libya.

The next time I visit, I hope to visit the British war cemetery in Tobruk, which is another important cemetery. I pay tribute to the Commonwealth War Graves Commission for the tremendous work that it does. I also pay tribute to one desert rat that I know of in my constituency, Mr. Ted Sharpe, a dear, close friend of mine who has been quite poorly recently. I have spent many hours listening to him about the suffering that he endured during the war in the process of liberating Libya.

I now come to the bones of this debate. The hon. Member for Belfast, North (Mr. Dodds) mentioned some of the outstanding issues, and I want to mention Police Constable Yvonne Fletcher. So many parliamentary questions have been asked about that case in the House of Commons over the years and many parliamentary debates have been called by Labour Members of Parliament, no less. Mr. Tam Dalyell was one of the most prodigious campaigners in this area, and I pay tribute to him.

The 25th anniversary of the killing of PC Yvonne Fletcher was on 19th April. This beautiful young woman was shot in the back at such a young age and her life

[Daniel Kawczynski]

was cut away from her. Her family is still grieving, 25 years on. I have been to the spot where she was killed and seen the plaque; a beautiful cherry tree has been planted there by her family. It amazes me that, 25 years on, we are no closer to finding out who the killer of PC Yvonne Fletcher is. As I have said, many questions have been asked, and the Metropolitan police have paid four visits to Tripoli over a number of years. What is going on? How can this be? How can we be in this position 25 years on? We still do not have in custody the killer of PC Yvonne Fletcher. The Met says that it has interviewed the suspect in Tripoli and that the Libyans must know who was the culprit in this brutal killing. During my discussions yesterday, Mr. Jelban, the Libyan ambassador, said that Libya was working on the matter and that he was confident of achieving a resolution. How confident is the Minister, and what is her time scale for finally securing the capture of that criminal?

The hon. Member for Belfast, North asked about Libya's funding for terrorist organisations. When will that problem be resolved? What public statements do the Libyans intend to make and what compensation do they intend to pay to the families of the people in Northern Ireland who faced such appalling tragedies as a result of that funding for terrorist organisations?

Sammy Wilson (East Antrim) (DUP): Does the hon. Gentleman accept that the problem was not just funding for terrorist organisations, but arming them by sending hundreds of tonnes of weaponry to Northern Ireland, which enabled the IRA to use car bombs and firearms, which then also affected the UK mainland? Does the hon. Gentleman find it odd that while the matter remains unresolved, export licences for arms supplied by the United Kingdom are being issued to send arms to the very state that sent illegal weaponry to the United Kingdom to kill citizens of this country?

Daniel Kawczynski: Yes, I totally concur with the hon. Gentleman. The problem was not just funding. I recall that boats were captured carrying arms for Northern Ireland in the 1980s. I would like the Minister to respond to that important point.

When PC Yvonne Fletcher was killed, the then leader of the Labour Party, Neil Kinnock, called for a public inquiry, as did Dr. David Owen, but Margaret Thatcher, in a letter, refused on the grounds of security to allow such a public inquiry. The shooting dead of a British serving police officer on the streets of London was a profoundly serious matter and I very much regret that the then Conservative Government did not allow a public inquiry.

Written questions were asked about the status of the Libyan People's Bureau in the run-up to the killing, and such was the confusion of the status of the people in the bureau that we managed to ascertain only on 8 April 1984, just a few days before the killing, who the ambassador was. The confusion was such that we should have had a public inquiry, and I call on the Minister now, as I shall call on a Conservative Government if we have one after the next election, to hold a public inquiry if PC Yvonne Fletcher's killer is not found within the next few years. The matter cannot drag on any longer. Twenty-five years have passed, and PC Yvonne Fletcher's mother, sister and other relatives are waiting. If my daughter had been killed, I would certainly not tolerate waiting 25 years to find out who her killer was. On this 25th anniversary of PC Yvonne Fletcher's death, I extend my condolences to her family.

Hon. Members have mentioned terrorist acts and the one at Lockerbie was a heinous crime. The man who was convicted of the bombing is in a Scottish prison, and is dying of cancer, as the Minister knows. An appeal has been started because *The Independent* claimed a few days ago that a witness has come forward to prove that Mr. al-Megrahi was wrongly convicted and should be let out on appeal. I am not suggesting this to the Minister, but PC Yvonne Fletcher's mother has stated publicly that she would like Mr. al-Megrahi to be sent back to Libya to eke out his dying days with his family, if that would help to secure her daughter's killer.

I have spoken extensively with Dr. Jim Swire, whose daughter died in the Lockerbie tragedy. He is the spokesman for the families of those who lost their loved ones there. He has met Colonel Gaddafi three times and has some interesting stories about his discussions, which he promises to tell me for my book. I asked him—a man whose daughter was killed in the Lockerbie tragedy—what he would say to the Minister if he were here today. If it had been my daughter, I would still be sour, furious, bitter and twisted, but some people are more forgiving and understanding and want to move on. I pay tribute to Dr. Swire's extraordinary attitude and the positive way in which he deals with the matter. He said—this is touching—that we must engage with the Libyans and bring them in from the cold, because only by doing that can we prevent countries such as Libya from falling into the trap of becoming pariah and terrorist states.

Dr. Swire applauded the Government's initiatives. He did not necessarily say anything good about the Labour Government, but he said that he was encouraged by their interaction with the Libyan authorities in trying to resolve some of the outstanding matters. He said that Libya has extraordinary oil wealth and many reserves, and Scotland, where he comes from, has wealth in engineering and the talent of its young people, and that there is a tremendous opportunity for a marriage between those aspects to strengthen the future relationship.

I will now do something that I have never done as an MP, which is pay tribute to Mr. Tony Blair, our former Prime Minister. He made many visits to Tripoli, and Mr. Jelban informed me that he is likely to visit Libya again shortly. He persevered in his discussions with Colonel Gaddafi and played an important role in convincing the Libyan regime not to pursue the acquisition of weapons of mass destruction. People in Tripoli speak highly of Mr. Blair, and his engagement and perseverance in trying to tackle some of those issues have been fruitful. However, there are outstanding matters, including illegal immigration.

The Minister will know that Libya's 2,000 km coastline is extremely porous. Many illegal immigrants from Africa come to Libya and board boats to Lampedusa or Malta. We have seen on BBC the tragic cases of people dying in those boats before they reach the safety of Europe. I hope that the Minister will consider ways of helping the Italians and other EU countries that are trying to help the Libyan authorities with patrol vessels and investment in its ports, so that there is less illegal immigration from Libyan shores to Europe.

Finally, because I am so passionate about trade and investment, the Libyan ambassador informed me yesterday that his country will start up an investment authority in the United Kingdom. It has done that in many other European countries and has invested hundreds of millions of pounds in various projects throughout Europe, particularly in Italy. Mr. Raja Blayesh will set up that authority, and I hope that at the earliest opportunity the Minister will invite him to meet her to find out how she can help British companies to engage with Libya and to obtain some of that vital investment.

Thank you, Mr. Benton, for allowing me to introduce the debate. Most important of all, I urge the Minister to remember that many of us in the Chamber wish to do everything possible to increase trade with Libya. I ask her to help us in whatever way she can to change the system or mechanisms so that we can take businesses on our missions—on visits by all-party groups, IPU visits and all the other visits arranged for us. Of course we would have to declare that—I would not dream of making any financial benefits out of it and I have no vested interests in any companies that operate in Libya. I just genuinely feel passionately about our balance of payments and I want us to export. I come from an exporting background, having spent most of my career before coming into Parliament exporting British goods around the world. I feel passionately about the need to export, which we need to do as a trading nation. That is my appeal to the Minister: please help MPs such as me to help British companies to export abroad.

11.20 am

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I congratulate the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) on securing the debate. I pay tribute to his very positive approach to developing relations between the UK and Libya, and thank him for the gracious manner in which he paid tribute to others, including our former Prime Minister, for the roles that they have played. I enjoyed his comments because I heard a serious promotion not only of his constituents' interests, but of UK commercial interests. I am sure that the whole House will join me in wishing him well in his writing. We all look forward to his book and I would be very happy to receive a copy.

Let me start with a very serious matter—the investigation of the murder of WPC Yvonne Fletcher. I understand the real concern that the hon. Gentleman has expressed to the House today, given that WPC Fletcher's parents are his constituents and that it is now 25 years since her tragic murder. I place on the record once again our deepest condolences—mine and the Government's—for the continued loss that the Fletcher family suffer. Establishing responsibility for WPC Fletcher's murder has been and remains a priority for the Government.

Let me give some background, which ties in with the hon. Gentleman's comments. The UK broke off diplomatic relations with Libya after WPC Fletcher was shot and killed in St. James's square. Our relationship was seriously marred still further by the seizure in 1987 of a shipment of arms and explosives from Libya destined for the IRA and by the bombing of Pan Am flight 103 over Lockerbie in 1988. Diplomatic relations were resumed only in July 1999, after Libya had finally accepted responsibility for the shooting of WPC Fletcher and promised to pay compensation. That was paid in 1999. In addition to accepting responsibility, the Libyan Government promised to co-operate with a Metropolitan police investigation into the shooting and to abide by the findings of that investigation. Since then, as we heard from the hon. Gentleman, the UK's relations with Libya have steadily improved. Libya's decision in 2003 to give up weapons of mass destruction was a further significant step. It allowed a substantial transformation of Libya's relations with the UK and the rest of the international community.

As we have heard, Libya is well placed today to play a prominent role in the promotion of peace and greater prosperity in Africa and to ensure that Africa more widely plays a more positive role in international multilateral politics at the UN and elsewhere. As part of that, a strong relationship between the UK and Libya is important. There are three main areas in which we seek to achieve that. The first relates to our efforts to combat international terrorism. I firmly believe that Libya's actions in the past few years show states that condone or actively engage in terrorist activities that there is an alternative path that will deliver more for their state than going down the terrorist route. Where previously Libya was part of the problem, it now helps us to find solutions. Secondly, Libya is crucial to our efforts to reduce the threat posed by nuclear weapons. It provides the best example to the likes of North Korea and Iran that there is more to be gained from not having nuclear weapons than from having them.

Thirdly, Libya offers significant commercial opportunities for UK businesses. Trade between our two countries was worth more than £1 billion last year and there is the potential for much more. The hon. Gentleman raised the very important matter of the promotion of trade links. We would be happy to work with him however we can. I can give him an assurance that UK Trade and Investment has a very active programme in Tripoli and the UK is a significant investor. Just two weeks ago, the UK and Libya signed an investment promotion agreement, and we also signed a double taxation agreement in November 2008. There are opportunities because Libya is moving, slowly and patchily, from centralised state control to engaging with globalisation. The private sector is growing cautiously, following many years of nationalisation and state control. We welcome the Libyan investment authority to which the hon. Gentleman referred.

On migration, we have very good co-operation with Libya. We work both directly and within the EU to strengthen Libya's ability to control its borders. We have an agreed plan with the Libyans to disrupt the flow of illegal migrants to the EU. I assure the hon. Gentleman that we will continue to work closely together.

Let me return now to the investigation of WPC Fletcher's murder to give reassurance not just to the hon. Gentleman, but to his constituents. Representatives of the Metropolitan Police Service first visited Libya in April 2004. They made a further visit in September 2004 and have conducted investigations in the country in both 2006 and 2007. There was some early progress, but despite that, the investigation has stalled due to a lack of co-operation from the Libyan authorities.

I can only imagine the heartbreak, anger and distress that the Fletcher family must feel. To lose a daughter in such circumstances would be bad enough, but to live for

[Gillian Merron]

25 years without the closure that a successful investigation might bring can only add to their anguish. I therefore want to state the following points clearly.

The responsibility for the lack of progress rests squarely with the Libyan Government. The UK Government will continue to make every effort to convince the Libyan Government to do more. We have repeatedly raised the case during high-level bilateral visits and talks. Most recently, the Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Harlow (Bill Rammell), who is responsible for the middle east and north Africa, raised the Libyan failure to co-operate in the investigation of WPC Fletcher's murder when he visited Libya in February this year. He raised the issue again during a telephone conversation with the Libyan Minister for Europe just last month. That comes at the end of a long list of representations made, including by the then Prime Minister, Tony Blair, when he met Colonel Gaddafi in May 2007.

In all our conversations with the Libyan Government, we make it clear that they have a commitment to co-operate fully with the Metropolitan Police Service's investigation. They must honour that commitment. The issue will not go away. The UK Government will continue to demand co-operation from the Libyan authorities and insist that the Metropolitan police be allowed to return to Libya to continue their investigation. We will not allow Libya to divert attention away from finding those who murdered Yvonne Fletcher, or to prevent us from continuing to try to bring them to justice.

There are implications for the further development of our bilateral relationship in Libya's continuing failure to co-operate. We understand that, but we will continue our efforts, and I believe that the hon. Gentleman believes that it is right to do so. We will continue to engage with the Libyans, not just on this issue, but on the broader issues that he rightly raises for the attention of the House. We will continue to ensure that the right thing is done.

The hon. Gentleman referred to Mr. Megrahi. A prisoner transfer agreement has been signed, but that does not provide for the transfer of any individual prisoner. Any decision to transfer Mr. Megrahi or any other prisoner within the Scottish prison estate is a matter for Scottish Ministers alone.

Sammy Wilson: Will the Minister also give an assurance that the Government will pursue equally vigorously the issue of compensation for those who were victims of terrorism funded and supplied by the Libyan Government in the 1980s and '90s?

Gillian Merron: I will certainly place it on the record that, as the hon. Gentleman knows, we sympathise very deeply with the loss and suffering of the victims of IRA terrorism. I can say to him that we did seek to support the interests—

11.30 am

Sitting suspended.

British Heroes of the Holocaust

2.30 pm

Mr. Russell Brown (Dumfries and Galloway) (Lab): I am delighted to have the opportunity to speak about the need for recognition of those British citizens who became heroes of the holocaust. I want to put on the record my thanks—and I am sure those of many people in the UK including right hon. and hon. Members of the House and Members of the other place—for all the excellent work done by the Holocaust Educational Trust under the leadership of its chief executive, Karen Pollock. Without its support and guidance, I might not be holding this debate today.

With colleagues' permission, I want to say a little about that fine organisation before I move on to the substance of the debate. The Holocaust Educational Trust was founded in 1988 by Lord Janner of Braunstone and the late Lord Merlyn-Rees. It was developed by MPs and peers as a result of significant renewed interest and the need for knowledge about the holocaust during the parliamentary proceedings of the War Crimes Act 1991. The trust aims to raise awareness and understanding about the holocaust and its relevance today in schools and with the wider public. It is vital that the holocaust has a permanent place in our nation's collective memory.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I congratulate my hon. Friend on securing this fantastic debate on a crucial subject. Does he share my profound concern that e-mails, which are attached to horrific PowerPoint presentations, are circulating that suggest that the Government have banned the teaching of the holocaust in schools? Will he join me in urging anyone who receives such an e-mail to bin it straight away?

Mr. Brown: My hon. Friend is right to make that point. There is no place for some of the things that we will look at in this afternoon's debate.

One of the Holocaust Educational Trust's first achievements was to ensure that the holocaust was included in the national curriculum in 1991. It successfully campaigned to have the assets of holocaust victims and survivors released and returned to their rightful owners. Having played a crucial role in the establishment and development of Holocaust memorial day in the UK, the HET continues to play a key role in the delivery of that day.

The trust carries out significant work in schools and higher education institutions, providing teacher training workshops and lectures as well as teaching aids and resource materials. Some of its activities include the outreach programme, which is a central part of the work that allows students and teachers the opportunity to hear first-hand survivor testimony.

Think Equal is a programme that has been devised specifically for schools in areas of racial tension. It enables the trust's educators to work with staff in schools, deliver teacher training and devise workshops for students that focus on the dangers of racism and discrimination and the contemporary lessons to be drawn from the holocaust.

Mr. Jamie Reed (Copeland) (Lab): On that point, does my hon. Friend believe, as I do, that not only the victims of the holocaust but the British heroes of the holocaust and their memory are insulted every day that the BNP raises its head in our towns, villages and communities to spread insidious lies about the effects and realities of the holocaust?

Mr. Brown: My hon. Friend raises an important point. There is no doubt that denial of what has happened is very dangerous. A number of weeks ago, the Holocaust Educational Trust held an event in this Palace to look at issues surrounding the current financial difficulties that we all face. Comparisons were made between the current time, and what happened in Europe—Germany in particular—in the late '20s and early '30s. It is important to recognise that history is here, and we should learn its lessons. The point made that evening was that what happened then will not necessarily happen again, but there are lessons to be learned and we must all be careful about that.

The Think Equal programme is delivered in certain London boroughs, and it is anticipated that it will be taken into schools across the country. The Holocaust Educational Trust's Lessons from Auschwitz project for post-16 students and teachers is now in its 10th year. It has taken more than 5,000 students and teachers from across the UK to Auschwitz and Birkenau. Many MPs and other guests have also taken part in those visits, and all of us who have had the opportunity to engage in that project fully recognise its value and the contribution that it makes to the education of young people in our constituencies. In November 2005, many of us were delighted when the Treasury announced funding of £1.5 million for the Lessons from Auschwitz project.

There are recollections and eyewitness accounts from people who remember the holocaust. The Holocaust Educational Trust has produced a BAFTA award-winning DVD-ROM in conjunction with the USC Shoah Foundation Institute. The groundbreaking, interactive teaching resource integrates testimony from 18 eyewitnesses of the holocaust, including Jewish, Roma, Sinti and Jehovah's Witness survivors, as well as that of political prisoners and testimony from survivors of the eugenics programme. Teacher training is delivered to trainee teachers at universities and institutions of higher education and to practising teachers as part of their continuing professional development. An annual teacher training course is also held at Yad Vashem in Jerusalem, which is open to both trainee and practising teachers from across the country.

I will now talk about why we are here today. I applied for this debate at the beginning of last week, and yesterday the Prime Minister took the opportunity to visit Auschwitz. Indications appear to suggest that my right hon. Friend the Minister might have something positive to reveal to us today; we wait in anticipation.

We all recognise that the holocaust is one of the darkest episodes in human history, which saw the systematic persecution and murder of approximately 6 million Jews. Other victims included Roma and Sinti Gypsies, the disabled, gay people, trade unionists, the clergy and political opponents of the Nazi regime. Every year in this country we mark Holocaust memorial day, thanks in no small part to my hon. Friend the Member for Hendon (Mr. Dismore). At that time, we pause and remember the souls of those who lost their lives—they are remembered with dignity and with a commitment to fight prejudice wherever it is found.

[Mr. Russell Brown]

Like so many of the dark times in history, there are often heroes who come to the fore. All too often, what go untold are the extraordinary acts of bravery and selflessness of those who, at great risk to themselves, saved people from certain death. They are people such as June Ravenhall and Major Frank Foley, who were both mentioned in early-day motion 1175, which now has over 130 signatories. They are Ida and Louise Cook from Wandsworth, and Sofka Skipworth who assisted in smuggling the names of Jewish prisoners in a French internment camp to the British authorities and also helped to smuggle out a newborn Jewish baby in a Red Cross box.

Colleagues may wish to refer to some of those individuals, but I want to talk about Jane Haining, who was born in 1897 in the village of Dunscore, a few miles from the town of Dumfries. Jane's mother passed away when Jane was only five years old, and Jane grew up to be both determined and capable. For a number of years, she worked in a factory in Paisley. After attending a meeting in Glasgow about the Jewish Mission, she became intrigued about the work. In 1932, she got the call to work at a Church of Scotland mission to the Jews in Budapest.

Jane was very popular with the 400 or so children at the school, who came from a mix of Christian and Jewish backgrounds. Many of them were orphans from poverty-stricken or broken homes. Others attended the school because of the quality of the education. It was apparent that Jane loved both her work and the children. In one letter, Jane wrote:

"We have one new little six year old, an orphan without a mother or father. She is such a pathetic wee soul to look at and I fear that the poor lamb has not been in too good surroundings before she came to us...She certainly does look as though she needs heaps and heaps of love."

Jane was on leave in Scotland when world war two broke out. She immediately returned to Budapest to help the Jewish children. When the Nazis invaded Hungary in 1944, the missionaries were ordered back to the safety of Scotland. Jane disobeyed the order and remained to take care of the children. She said:

"If these children need me in the days of sunshine, how much more do they need me in the days of darkness?"

Her sister later recalled:

"It was no surprise that she refused to come back. She would never have had a moment's happiness if she had come home and left the children."

The children came under increasing threat, and Jane protected them to the best of her ability. She was denounced to the Nazi authorities and, when the SS raided the place in early May, she was arrested and thrown in jail on charges of British espionage and helping Jews. Jane and some of the children were later deported to Auschwitz. Those of us who have visited Auschwitz-Birkenau can only imagine the hell on Earth. The secondary pupils who were with me on the visit left thinking deeply about what man has done to man.

Jane Haining supported the children throughout the short time that she was at Auschwitz. In a period of three months, it is recorded that some 1.3 million people were killed, including Jane Haining. She refused to reject her children. She died for her beliefs and was gassed along with a group of Hungarian women on 16 August 1944 at the age of 47. As she was a British citizen and passport holder, the Church of Scotland was sent her death certificate, which indicated that she had been arrested on justified suspicion of espionage against Germany and that she had died in hospital on 17 July.

Jane Haining, like a number of other British heroes of the holocaust, was recognised in 1997. Yad Vashem, the Holocaust Martyrs and Heroes Memorial in Jerusalem, awarded Jane a medal and a place among "the righteous among the nations" for her selfless dedication to the children. She has been remembered in the stained glass windows of Queen's Park church in Glasgow. At the local church in Dunscore, a dedicated group of local people have erected a cairn and a plaque to her memory.

The time is now right officially to recognise such individuals, who risked everything, including their own lives, to assist others during those dark times. In recent years, the Government have shown support for civilians who have given a commitment during the war years by officially recognising them. The Bevin boys, the land army girls and lumber Jills are perfect examples of that.

At the end of last week, it was reported that Prince Charles was proud of the role that his grandmother, Princess Alice of Greece, played during the second world war, when she hid Jews in the Royal palace in Athens. The indications are that Prince Charles will appear in the film, "The Rescuers: Heroes of the Holocaust", which tells the stories of 12 individuals who helped to save the lives of tens of thousands of Jews. Individual recognition is needed for the British heroes of the holocaust.

I want to make a further request to my right hon. Friend the Minister—I assure him that I do not have a shopping list. In this place, in the vicinity of the Admission Order Office, there is a plaque on which it is inscribed:

"In deep gratitude to the people and Parliament of the United Kingdom for saving the lives of 10,000 Jewish and other children who fled to this country from Nazi persecution on the Kindertransport. 1938-1939."

In my contribution—I am drawing to a close now—I said that Jane Haining is remembered locally with a small memorial in her home village and a stained glass window in a church in Glasgow. Other British heroes of the holocaust have been recognised in different ways within their communities. A collective contribution of such brave individuals merits a memorial. I recognise that it is not the Government's role to provide memorials—even if it were, the job would not fall to the Cabinet Office and my right hon. Friend the Minister. I say to him that this matter of recognition of the British heroes of the holocaust will only be completed when our nation has a memorial. I plead with him to consider further co-operation and assistance with the Holocaust Educational Trust and others to ensure that in some shape and form and in some location a memorial is erected. I thank the Minister in advance for what I hope will be some good news for us today.

2.46 pm

Jeremy Wright (Rugby and Kenilworth) (Con): It is a great privilege to speak in this debate, and I congratulate the hon. Member for Dumfries and Galloway (Mr. Brown) on securing it. I was equally privileged to co-sponsor early-day motion 1175, out of which this debate has come. I agree with much of what he has said, as I am sure all hon. Members present do.

We are here to talk about a number of extraordinary individuals and the effect that they have had on all of us today, and will have in future. We are right to look at those individuals in some detail. We have heard already about the hon. Gentleman's constituent. I want to say a word or two about the constituent through whom I have come to this issue. I am grateful in this, as in many other things, to the Holocaust Educational Trust, which has done a great deal to draw attention to these issues.

The trust drew my attention to June Ravenhall. The hon. Gentleman mentioned her and she also appears in the early-day motion. She originally came from Kenilworth and settled in Rugby, thereby neatly encapsulating both parts of my constituency. Her son, Ron, is a councillor in Rugby—not, I fear to say, for the right party, but one cannot have everything.

Ron has been enthusiastic and dedicated in drawing out the memories of his mother. He talks about her, as well he should, with considerable pride. June Ravenhall was a British woman who moved to Holland during the war and sheltered the young Jew, Louis Velleman, who was sought by the Gestapo. Moreover, he had tuberculosis, putting not only June but her three young children at considerable risk. June continued to shelter him even though she knew that any discovery, or knock on the door, would lead both to her death and considerable peril for her young children. She did all that alone because her husband was in a Nazi concentration camp. We can all agree that sustained and remarkable courage of that nature deserves recognition. I share the hope of the hon. Gentleman that that recognition will begin today with whatever the Minister is able to say that the Government can do.

Interestingly, when Ron Ravenhall wrote a book, which was partly about June's life, he described how Louis Velleman explained how he felt about what June Ravenhall had done for him. I shall quote from the book:

> "Louis Velleman, the young Jew she saved, was asked by a Press reporter, some 44 years after the event, how brave he thought June was. Although a famous journalist himself, fluent in at least two languages, Louis could find no word to describe the extent of her sustained bravery. 'The English are not brave, - they are mad.', was his eventual reply."

That may not have been exactly the right word to describe what June Ravenhall did, but we would all be mad were we not to take the opportunity presented to us by the lives and acts of such remarkable people to draw what lessons we can.

The hon. Gentleman referred to the lessons. Those people were ordinary people doing extraordinary things. I have little doubt that if any of them knew about this debate, they would be amazed and deeply humbled. In my view, that makes them more deserving of any honours we can give them. The lessons we can draw are clear: people may have an ordinary background and they may have unlikely qualifications for heroism, but it lies in the most unlikely places. There were many heroes in that period of our history, but not all wore a uniform. Those people did not wear a uniform and they demonstrated remarkable heroism. They tell us that it is possible, in the face of unimaginable evil, such as we saw in Europe in the 1940s, for relatively ordinary, unexpected heroes to arise and to do remarkable things.

As hon. Members have said, it is right that we recognise that the threat has not gone away. Nazism and anti-Semitism are not dead, nor is hatred of the kind we have been talking about. Sometimes it sleeps, but we must always be prepared for it to reawaken, even within our own communities. June Ravenhall and others who have been mentioned show us that, even if people do not feel that they are cut out for heroism, they can show by their actions that they can stand up against almost impossible threats and demonstrate what individuals can do. That is a lesson that we could learn well in today's society.

We can say, "We can do it too" only if we know of the existence of those people and what they did. It is striking how little is known about them. Perhaps all hon. Members are struck by how little they knew about such people before they were drawn to their attention. It is important that our fellow countrymen and countrywomen know about them and what they did, so that they can believe that even in the face of overwhelming evil, they can play a part and stand up against it. That is why I am proud to support the suggestion of the hon. Gentleman. I am hopeful that the Minister will be able to tell us that it will be taken up, for the benefit of people today and people in future years.

2.53 pm

Lynda Waltho (Stourbridge) (Lab): I congratulate my hon. Friend the Member for Dumfries and Galloway (Mr. Brown) on securing this debate. I should like to talk about a man for whom I have a great deal of admiration. He has already been mentioned. His name is Frank Foley, but some refer to him as the "British Schindler".

Frank was remarkable. We in Stourbridge like to think of him as a son of Stourbridge—he retired there—but he was born in Somerset. He has been a source of great pride and inspiration. When I was a teacher, I used to talk about Frank Foley and his deeds. It is an inspiration when we hear about ordinary people doing extraordinary things, particularly to young people. I used to walk children down the street where he lived—we do not even have a plaque there, but there is one in the local park—and they saw that he lived in an ordinary house in an ordinary street in an ordinary town called Stourbridge. That is a powerful image for young people.

Frank was born in Somerset in 1884. He was recruited as a spy, and following stints in France and Cologne, he was posted to Berlin, where he worked as a passport control officer. Of course, that was a cover for his main duties as head of the British Secret Intelligence Service station. During the '20s and '30s, he successfully recruited agents and acquired key details of German military research and development, but it is primarily through his work as a passport control officer that he earned the nickname of the "British Schindler". He saved tens of thousands of lives by providing papers to allow Jewish people to escape from Nazi Germany. He would bend the rules when he was stamping passports and visas to allow Jews to escape legally to Britain and Palestine. However, he went further, even going into internment camps to get Jews out, sheltering people in his own home and helping them to get forged passports.

Frank also used his hiding place to brief foreign journalists. That was particularly important, because it meant that more information came out about the increasing persecution of Jews in the Third Reich. He worked very long hours—from 7 o'clock in the morning to 10 o'clock at night without a break on most days—and personally

[Lynda Waltho]

handled as many applications as he could to keep the operation tight. He gave comfort and advice to those who were waiting for their applications to be processed. Even after the passport office closed in '39, he continued to help Jews to escape. In the first week of the war, the US embassy was using youth certificates that he had signed to send hundreds of Jewish children to Scandinavia, or to Palestine via Italy.

Frank's actions were carried out at great personal danger. He had no diplomatic immunity and he could have been arrested at any time. He received no financial rewards for his actions. He risked his life every day simply because he believed it was the right and moral thing to do. After the war, he was involved in hunting ex-SS members and ran a network of double agents called the double cross system. At the 1961 trial of Nazi colonel Adolf Eichmann, who is sometimes referred to as the architect of the holocaust, Foley was described as the "Scarlet Pimpernel" for the way in which he risked his own life to save others—he was very difficult to pin down.

In '49, Frank retired to Stourbridge, where he remained until his death. His bravery has been recognised in various ways but, unfortunately, not until after his death. Furthermore, many of the thousands of Jews who were helped to safety by forged visas that he supplied do not know his name—when they arrived in Palestine with visas that they knew they ought not to have, it is hardly surprising that they kept their heads down. It is only in recent years that the true extent of his bravery and the huge number of people that he rescued has begun to come to light.

In October 1999, Frank was given the status of righteous among the nations. Closer to home, we in Stourbridge have recognised him with a remembrance plaque in Mary Stevens park. A statue of him has been erected in Highbridge, where he was born—it was paid for by volunteer fundraisers—and there is a plaque that pays tribute to him at the British embassy in Berlin.

I have started an annual Frank Foley lecture in my constituency with my colleague, the Minister for the West Midlands, which brings people together to remember Mr. Foley and to hear talks from experts. This year, we welcomed Michael Smith, who has written a book about him and who has carried out much of the original research into his life. We also heard from Zigi Shipper, who is a holocaust survivor. He spoke movingly about his experience. The lecture is an important way to commemorate locally those who died in the holocaust and to let more people know about the stories of incredible people such as Frank Foley. The most gratifying thing was that many young people were there, some of whom had benefited from Government funding for the Holocaust Educational Trust's excellent programme of visits to Auschwitz. I, too, have been privileged to make that trip.

This time last year, I tabled an early-day motion that called for the current statutes governing the honours system to be changed, to allow a posthumous knighthood to be awarded to Frank Foley and other rescuers of the holocaust. It received 111 signatures, which shows the strength of feeling on the issue and the cross-party support for such a move. The Cabinet Office has a list of criteria for individuals to be considered for honours, particularly civilian honours. I think that Frank Foley fulfils many of them. He carried the respect of his peers, improved the lot of those less able to help themselves and displayed moral courage and vision in making and delivering tough choices time and again.

I appreciate that membership of the Order of Chivalry ceases on death, but it was impossible to recognise Frank Foley's acts while he was alive because he was bound by the Official Secrets Act, which prevented him from telling anyone about his work in Berlin and the tens of thousands of people he saved. To put it simply, very few people knew about his extraordinary bravery until it was too late to thank him. I ask the Minister to make a special exemption in this case and to recognise an incredible man who asked for no reward during his lifetime, but who none the less deserves the highest award that we can bestow on him.

One of the things that I find so amazing about Frank Foley's story is that after his time in Germany, where he accomplished extraordinary things and saved so many lives, he retired to live an ordinary life in an ordinary house in Stourbridge. It goes to show that extraordinary deeds can be accomplished by ordinary people, which is truly inspirational. It is a vital learning experience, particularly for youngsters. I urge the Minister to change the honours system, so that heroes such as Frank Foley can be given the recognition of an honour. It is the least that they deserve.

3.1 pm

Dr. Julian Lewis (New Forest, East) (Con): It is a privilege to follow the hon. Member for Stourbridge (Lynda Waltho), whom I congratulate on her work to bring to the forefront of public consciousness the heroism, magnanimity and immense humanity of Frank Foley. I have had the pleasure of reading Michael Smith's book, which is, exactly as she has said, a revelation. Some hon. Members may be familiar with the wartime film "Pimpernel Smith", starring the late Leslie Howard, who himself did not survive the war, as a quiet academic who secretly rescues people from the jaws of death. Frank Foley was Pimpernel Smith in reality.

We have taken a very long time to recognise and acknowledge such heroes, who quietly went back into obscurity—that is, those of them who lived not to tell the tale but at least to resume their lives. It is hard to know why we have taken so long to recognise our own heroes. One or two of them were known early on, but not always for what they did in terms of the holocaust. I have in mind Charles Coward, whose story was made into the famous and gripping film "The Password is Courage", a prisoner-of-war drama about how that irrepressible young man caused mayhem to his German captors. However, the part for which we remember him today was considered too grim to be included in the film. When he was put to work at Monowitz, near the Auschwitz extermination centre, he worked surreptitiously to save Jews from the jaws of death and to convey explosives to those who eventually blew up the crematoriums. The story emerged earlier than most—this was hinted at in earlier contributions—because of the Nuremberg trials. Charlie Coward was mentioned at the trials for his heroism in exposing the dastardly extermination programme created by Hitlerism. As a result, a book was written that went into some depth

about what he did in Auschwitz, but, as I have said, that was considered too grim for the feature film to do more than talk about; sketches were included to give a rough idea of the conditions in which that hero operated.

It is always heart-warming for me to hear non-Jewish parliamentary colleagues—I come from a Jewish background myself—taking the trouble to initiate a debate of this sort. I sometimes hesitate to get involved, because I feel that in a sense, it means so much more when someone whose family was not affected by the events that we are discussing takes an interest in them. For many years, the Jewish community was perhaps reluctant to draw too much attention to what happened. Sometimes, I think, people felt ashamed that they had not resisted more. But it is pretty well impossible to resist when one is a civilian being rounded up by armed paramilitaries or men in military uniform.

The amazing thing is that there was so much resistance. Of the half-dozen principal extermination centres, there were revolts at three. I have mentioned that the crematoriums at Auschwitz were blown up, but the Sobibor camp and the Treblinka camp, where my family were exterminated, were destroyed completely in uprisings by the inmates. To do such a thing in such desperate conditions is a mark of heroism that also deserves more recognition than it has been given.

When I was a young man, I learned less about Charlie Coward—the Nuremberg trials were before my time—than about Raoul Wallenberg, who everyone taking part in this debate has heard of. Raoul Wallenberg was a Swedish diplomat in Hungary who saved tens of thousands of Jews in precisely the same way as Frank Foley. He rescued people from the jaws of death, putting himself in mortal danger, and having come through it all against the Nazis, was arrested by the Russians, hauled off to the gulag and never seen again. At that time, I had no idea that any British person, other than on the smaller scale of Sergeant Coward, had done anything of the sort. I pay tribute to Michael Smith for his excellent book, which was instrumental in giving us the pride of knowing that we had our own Raoul Wallenberg in Frank Foley.

I have also been privileged to read profiles of other heroes supplied by the Holocaust Educational Trust. I draw attention to one of the briefer passages in the little dossier sent by the trust. It refers to 10 British prisoners of war—John Buckley, Alan Edwards, Willy Fisher, Bert Hambling, George Hammond, Bill Kerpiz, Roger Lochford, Tommy Noble, Bill Scruton and Stan Wells—who discovered a young Jewish girl, a teenager called Sara Rigler, who had escaped from a death march outside Danzig. They smuggled her into their prisoner of war camp and hid her in a hayloft. As a result, she survived the war.

The only reason why I know about that story is that a programme featuring Esther Rantzen confronted the young woman, now a bit more mature, with her rescuers. I remember Esther Rantzen asking the rescuers, "But why did you do it? You were in enough trouble already. You were prisoners of war." They said, "We did it because we were British, and this was why we were fighting that war." I do not know about you, Mr. Benton, but whenever I think about such stories, my backbone straightens, my spirits lift and I feel that perhaps it is not such an evil world after all. There is a saying that someone who saves a single life saves the world entire. That is what those British heroes did, and that is why I am so happy that broad hints are being dropped in this debate that something will now be done for them.

3.9 pm

Des Browne (Kilmarnock and Loudoun) (Lab): It is an honour to follow the hon. Member for New Forest, East (Dr. Lewis). Those of us who have listened to the last eight minutes of the debate will be glad that he chose to speak and did not decide that it would be inappropriate for him to do so, because it has been a privilege to listen to him. He was characteristically generous in commending all those who are not of his faith and ethnic background for speaking in such a debate and in saying that it is all the more important that we should speak because our families were not affected. I am not here because my family was affected, although my father did serve throughout the war in many of its theatres, and he later died far too young as a consequence. I am here because I have been affected by the events that we are discussing.

That brings me to my second point. I pay tribute to my hon. Friend the Member for Dumfries and Galloway (Mr. Brown) for giving us the opportunity to do what we perhaps do not do often enough in these buildings, namely reaching across party lines to celebrate issues that are infused with fundamental goodness, rather than celebrating the divisions between us, which—I say this with respect to all my colleagues—we sometimes exaggerate to make points. I am grateful to my hon. Friend for giving us the opportunity to do that.

I am also grateful to the Holocaust Educational Trust and its leadership, to whom my hon. Friend has referred. In my first term as a Member of Parliament, they took me on a trip with some schoolchildren to see Auschwitz-Birkenau. It was obviously an important moment in the lives of those young people. I was three times the age of some of them, but I had never experienced such a moment, too. I will never forget walking back along the spur of the railway line towards the camp gates in the gloaming of the evening, as we say in Scotland. The atmosphere and the visibility were such that one could see the stone chimneys of the buildings, but nothing else, and one's sense was that the wooden parts of the buildings, which are long gone, were still there. I distinctly remember thinking just for a moment, as I walked back across the railway line and paced between the sleepers, that that must have been what it was really like when the camp was in full flow and doing all the horrible things that it did.

I also remember being intensely angry. I could not quite work out where my anger was directed, but I realised that it was the railway line, which was so perfect—I realise that it had been preserved. It was a perfect piece of engineering and it seemed to be a manifestation of how a perfectly innocent thing—the construction of a railway line—could have been contorted in an evil way by people who did not do the things that those we are celebrating in this debate did. I cannot remember being so angry with an inanimate object in my life, but I was angry with that railway line. It was an extraordinary moment.

I have never really forgotten that experience, and I welcome every opportunity not only to express those emotions, which one cannot always do in debates, but

[Des Browne]

to make a small contribution on this issue and to do what the hon. Member for Rugby and Kenilworth (Jeremy Wright) and my hon. Friends the Members for Dumfries and Galloway and for Stourbridge (Lynda Waltho) suggested—they set exactly the right tone for the debate—when they said that we should remember the people we are talking about in any way that we can.

We should remember those people for two simple reasons. First, we should celebrate people's goodness as much as we can, particularly when it is laced with the manifest courage that the people we are talking about showed in the face of the daunting and potential attacks on them. We should also take every opportunity to give expression to the phrase, "This must never happen again." We should remind ourselves that the dangers that we are talking about can, from very innocuous beginnings, become manifest in the human spirit and in humanity's behaviour. That serves as a lesson to us all that human beings are capable of some awful things.

Unfortunately, however often we tell ourselves that such things must never happen again, there has never been a moment in my life when events like those that we are discussing, although not on the same scale, have not been happening somewhere in the world. That is a reminder that we should be vigilant in our own society and remember the consequences of our not addressing such behaviour in other societies. I thank those who have spoken for putting that very clearly.

I am not in a position to celebrate a constituent or someone who was born in my constituency and I have no family connections to such a person in my constituency. However, I was introduced to an extraordinary group of people when I was the Minister for Immigration, Citizenship and Nationality—a job that the Minister has also done. On 8 May 2005, the Highbridge war memorial trust and the Foley fair committee invited me to unveil the statue that my hon. Friend the Member for Stourbridge has mentioned. The invitation came to me because Frank Foley was a passport control officer, and it was appropriate to invite the Minister responsible for immigration.

I was delighted to be invited, and I will never forget that extraordinary afternoon. There was a small group of people, some of whom were survivors and some of whom had no particular experience of the events that we are discussing. However, as a result of the telling and retelling of people's stories and the celebration of what Frank Foley did as a decent man, a spirit was generated among those people that might, if one could bottle it, ensure that, at some point in the future, we no longer need constantly to remind ourselves to be on our guard. It was an enormous privilege to be in the company of those people that afternoon, and I will never forget it.

I had intended to speak about Frank Foley in more detail, but it is entirely appropriate that somebody who can claim a constituency connection to him should have told us his story. We have heard what that extraordinary man did, although he was actually a bit of a shady character, which is just as well, because that was probably how he managed to do what he did while moving around the internment camps and elsewhere. He was a typical British shady character in that he looked like what he was—a civil servant. However, he was a shady character, and thank God for that.

Given the job that he did in Nazi Germany in the 1930s, Frank Foley did not enjoy the same diplomatic immunity or support as Mr. Wallenberg. He did everything at his own personal risk. He was in Germany for some years, but I cannot imagine how he managed to process the number of people that he did or to get them out of the country without it being obvious to others, including those who were watching him. He must have courted considerable personal danger.

Then, as my hon. Friend the Member for Stourbridge has said, he retired in typical British style into relative obscurity, living out the rest of his life in a small bungalow somewhere, probably never talking about what he did, never suggesting to anybody that they should remember who he was and never saying, "Guess what I did." He just got on with things, as if that was what was expected of him. In a way, that is the true definition of heroism.

I thank my hon. Friend the Member for Dumfries and Galloway and those who have persuaded the Government to follow the route of the veterans badge. We have rightly recognised those who made a contribution, such as the Bevin boys, the timber Jills and the land girls. I am not suggesting what should be done in this case, but we have been given an opportunity to say again that we value in a special way the extraordinary group of people who are the subject of the debate, because of what they say about the goodness that is in all of us. We thank them for what they did, not only for the sake of the people whom they rescued but for giving us an example, so that our generation may make at least some contribution to making the world a better place.

3.20 pm

Mr. Jeremy Browne (Taunton) (LD): I am grateful for the opportunity to make the first of the three concluding speeches to this important debate. Normally when I speak from this position in the Chamber, I am contributing to a discussion on the Budget or the economy. Those are necessarily partisan debates, and rightly so, because it is important that Parliament scrutinises those essential contemporary matters. However—this point has been made by other hon. Members—it is also extremely valuable to have opportunities to come together and celebrate achievements of our fellow countrymen and women through the years, and to talk about what binds us together and our common interests. This debate has been distinguished in that regard.

I pay tribute to the hon. Member for Dumfries and Galloway (Mr. Brown) for securing the debate and for his excellent opening speech—to be honest, all the speeches have been of an extremely high standard. It has been informative and moving to hear many of the contributions—especially, as I suspect others agree, that of the hon. Member for New Forest, East (Dr. Lewis). However, it was also a great privilege to follow the former Secretary of State for Defence, the right hon. Member for Kilmarnock and Loudoun (Des Browne), and hear his perspective.

All war is terrible and leads to lasting consequences, and all war gives people opportunities to do exceptional and heroic deeds. However, the holocaust is a unique—in the proper sense of that word—act in the history of mankind. As the right hon. Gentleman has reminded

us, atrocities are committed across the world every day, but the scale of the holocaust, and the degree to which it was regimented and organised, make it unique. Most people probably accept that the second world war was the biggest distinguishing event in the history of our country—a moment when we reached a fork in the road and the future of our nation depended on the outcome. We are talking about a unique and central feature of what I argue was the most important act in the history of our country and continent, the second world war. There could not be a matter more worthy of our consideration, or people more worthy of our admiration, than those who are the subject of the debate.

I pay tribute, as others have done, to the Holocaust Educational Trust for its tireless work in raising such matters and for making sure that Members of Parliament give them the consideration they surely deserve, as well as for, as its name suggests, educating Members of Parliament and the public in general about the holocaust, the scale of the tragedy and its lasting consequences. I, too, was given an opportunity by the group to visit Auschwitz, as the Prime Minister, I am pleased to say, did yesterday, and like other hon. Members I went with a group of teenagers from my constituency. It was something that I had always wanted to do, and it was an extremely moving and memorable day—I found it so, and the young people I went with had the same thoughts.

I hope that hon. Members will briefly indulge me as I recall a few features of that day. One thing that struck me as particularly strange—even eerie—was that it was a lovely summer day when we visited Auschwitz. The photographs that one sees of it always show bleak midwinter in Poland. To visit a place where the air is heavy with history and to feel that sense of foreboding, but with the leaves rustling in the wind, the sun shining and the birds singing in the trees, is almost more discomfiting, I imagine, than going there in weather conditions that make it more obviously bleak. The contrast between the sense of freedom and gaiety of such weather and the deeds that took place in the camp made the experience all the more poignant and troubling.

I particularly remember two features. One is the railway track. It is a famous image and we are all familiar with it, but to see it with one's own eyes is memorable. Different people may have different memories, but the other one that particularly stands out in my mind is the huge bank of shoes behind a glass screen. There is something extremely human about shoes—I do not know why that is more the case than with other items of clothing. The fact that each shoe or pair of shoes represented an individual with their own story, life, circumstances and family somehow brought things to life for me more than statistics would, even though the statistics are obviously revealing and deeply upsetting.

For all those reasons I am enthusiastic—I know that hon. Members in all parties share that enthusiasm—for some recognition of the bravery that was so evident from our fellow countrymen and women in those uniquely awful circumstances. Everyone has a proprietorial interest in Major Frank Foley, so perhaps as he was born in Somerset, and as I represent a Somerset constituency, I should touch on his achievements. It is worth noting that the only remaining survivor of first world war trench warfare was also born in Somerset, and lives there. Perhaps we are unfairly rewarded with people who, to make a serious point, did not necessarily hold a status or rank that suggested that they would be at the front of the queue for honours, but who have come to symbolise particularly distinguished service to their country. Their ordinariness is, in a way, what makes them particularly notable people. That is probably true of Mr. Harry Patch, who lives in Somerset and who at 110 years old is one of a handful still surviving who served in the first world war—I understand that he is the only one of them who fought in the trenches. That is true of Major Foley as well; his story has already been recounted by other hon. Members.

I understand that the Government are minded to bring about some recognition, and I admire them for their activism and imagination. The financial cost to us of recognising the contributions of the individuals in question is extremely modest, yet to do so is valuable, partly because it is greatly appreciated by the relatives and surviving associates of the individuals, although they are fairly few. More importantly, perhaps, is the symbolic value. There is, as hon. Members have said, no danger in such recognition; even 64 years since the end of the second world war, there is no downside to reminding us—adults and perhaps even more importantly children who, as they grow up, are further and further removed from the conflict—about two things.

The first reminder is of the capacity of mankind to be evil and the requirement on us all to be vigilant and to try to guard against that evil manifesting itself in appalling ways. That point has also been made with regard to contemporary politics, but it is obviously most relevant with regard to that historical event.

The second, symbolic reminder is the ability, as the hon. Member for Rugby and Kenilworth (Jeremy Wright) put it, of ordinary people to do extraordinary things, possibly beyond what they regarded themselves as being capable of doing until they were confronted by that challenge, such that they rose to heights that they may not necessarily have ever expected to rise to. So the holocaust is a reminder to us of mankind's ability for greatness, as well as mankind's ability for evil, as I have previously said. Furthermore, these stories are an inspiring example, because they tell everybody that there is capacity within us all to be exceptional, to make history and to do good. It is valuable that we remind ourselves of our ability not only to live on a day-to-day basis and to progress through life, but to leave a mark that can inspire others, because of the sacrifice and risks that we took for a higher purpose than simply our own personal well-being.

For those reasons, a memorial, individual recognition or a combination of the two would be extremely welcome. So, I am delighted—I speak, as every other hon. Member contributing to this debate will speak, in an entirely non-partisan and non-party political way—that we have a senior Cabinet Minister here and that the Government themselves have seen the merit and wisdom in making progress. I greatly look forward to hearing further details from the Minister and also to hearing the contribution from the Conservative Front-Bench spokesman, the hon. Member for Ruislip-Northwood (Mr. Hurd), to what has been an extremely high-quality, rewarding and enlightening debate, both to participate in and to listen to.

3.32 pm

Mr. Nick Hurd (Ruislip-Northwood) (Con): I start by not only congratulating the hon. Member for Dumfries and Galloway (Mr. Brown) but thanking him. That is because before this debate I did not know anything about the British heroes of the holocaust and I am embarrassed by that fact. If the Hebrew saying that was quoted by my hon. Friend the Member for New Forest, East (Dr. Lewis) is right and he who saves one life, saves the world entire, where does that place Frank Foley, who is reported to have saved 10,000 lives?

These are extraordinary stories about really extraordinary people; these people are, if you like, giants of our time. I rather share the sentiment that was expressed by my hon. Friend: as I sit back after reading these stories, I feel very proud to be British. Therefore, I would like to thank the hon. Gentleman, quite genuinely, for his contribution.

I also congratulate the Holocaust Educational Trust. It does amazing work in my constituency each year, working with the two synagogues in Northwood and with local schools to bring together local children, often as many as 2,500 on a single day, to do something very important. That is not just about throwing a steady light on one of the darkest chapters in our history, although it has never been more important to keep doing that as the survivors of those events get older and die out. In addition, what always impresses me about that day is the ability of the Holocaust Educational Trust to connect that history with the world around those young people today. I find that enormously impressive. The trust also communicates a sense of opportunity for everyone—each individual—to make a difference. I do not think that there has ever been a more important time to inspire people with that thought, as we worry about civic engagement and the degree to which people are prepared to get involved these days. So I genuinely support the work of the Holocaust Educational Trust in that field.

That inspiring message—the opportunity to make a difference—underpins the importance of the stories that we have heard today, which are genuinely inspirational. Each contributor to the debate today has spoken powerfully about things that have touched them individually. Again, I rather share the sentiment expressed by my hon. Friend. The story that I liked most was about the group of 10 prisoners of war, Tommy Noble and his mates, who spent 10 weeks supporting that young girl. That is because acts of individual heroism are enormously impressive, but when there is a group of people prepared to take the same unflinching and enormous risk for that length of time, that is enormously impressive, too.

I am probably not the only Member who, while reading these stories, was asking himself or herself, "How would I have reacted in this situation?" The answer is that we do not know, because very few of us have been tested to that limit.

Therefore, this has been a journey that leads me to feel strongly that it has been wrong to leave recognition of British heroes of the holocaust until now to the Israeli authorities, including the Israeli Holocaust Memorial Authority, and that it is right now to recognise them through a national memorial of some form. I am delighted to place on record my party's support for the principle of a memorial.

Obviously, the nature of such a memorial needs to be thought through carefully. I think that most Members, particularly the right hon. Member for Kilmarnock and Loudoun (Des Browne), the former Secretary of State for Defence, will know that there are sensitivities in relation to using the existing traditional honours system to honour the dead, or to using the existing system of military awards to recognise acts of courage that took place so long ago.

Therefore, a memorial is something that needs to be thought through carefully, I hope on a cross-party basis. However, if the Government are thinking of some form of individual award that sits outside the traditional award system, that is clearly an attractive idea as far as we are concerned and it would be of enormous value to the families of the individuals involved.

I want to close by expressing a personal view. It is not the view of my party; in fact, I do not know whether it is the view of my party, but I am inspired to place it on record as a personal view. I would be disappointed if such an initiative, such an individual award, were introduced and that was the end of it, however valuable that initiative was to the families concerned. That is because I would hope that we could be inspired to do more.

I am attracted to the idea of considering what the Government can do to facilitate a more physical memorial for all heroes, something that is tangible, that people can walk or drive past and that will trigger something in them, reminding them of what my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) put very well, which is the power of ordinary people to rise up and do remarkable things whatever the scale of the threat facing them.

I look forward to hearing what the Minister has to say. He knows that my party supports the principle of a memorial and we would very much like to be involved in working out the detail. I just urge him not to be short of ambition.

3.38 pm

The Minister for the Cabinet Office (Mr. Liam Byrne): I want to start by congratulating all right hon. and hon. Members here this afternoon on what has been an extraordinary debate, which has represented what is best about this House.

Before I reply to my hon. Friend the Member for Dumfries and Galloway (Mr. Brown), Mr. Benton, I hope that you will permit me to say a word or two in his praise. Not only has he shown leadership on this subject, but he has shown leadership in a way that has brought it to national attention, including the attention of Ministers, the Government and this House. My hon. Friend has long taken a personal interest in this subject, and we have corresponded on the matter—sometimes not to his satisfaction—during the past weeks and months. He is the co-author of early-day motion 1175, and he has also worked enormously effectively with his local media. Better still, he has helped other hon. Members to work with their local media, so that some of these stories come to the attention of a much wider audience. I hope that he will persist with such work.

I pay my own tribute to the work of the Holocaust Educational Trust. The extraordinary work and research that it has done have represented the treasured and sometimes difficult memories of the families involved

with enormous dignity. The trust has represented, articulated and celebrated those memories with great effectiveness, and by alighting on the inspirational idea of heroes of the holocaust, it has done an incredible job of telling people in modern Britain about the relevance of remembering such terrible experiences. The staff and trustees of the trust should be very proud of what they have achieved in Parliament this afternoon.

What more can I add to what has been said about the holocaust in the debate? Not very much. The population of Jews in pre-war Europe was 9 million and, during the war, 6 million were systematically murdered, along with many others. The Chief Rabbi once said that the deeper one looks into the holocaust, the more one runs the risk of entering a black hole of despair. Yet the holocaust still has much to teach us today in Britain about not just the depths of depravity to which man can sink, but the way in which society, politics, Governments and civil society can miss the warning signs of prejudice and racism. Unfortunately, those lessons are still enormously relevant to Britain today.

Yet when I think about my education, I simply do not believe that the holocaust was a focus and feature of it in the way that it could have been. I remember learning and reading about the holocaust in my brief history lessons, but it was not until I took myself off with a rucksack to the middle east at the age of 19 that my education about the holocaust really began. Like many hon. Members, I can still see the images of what I saw at Yad Vashem in my mind this afternoon, and I can still vividly—all too vividly—remember how I felt walking through that avenue, which celebrates the extraordinary courage of many people who did so much to help to rescue Jews during the holocaust.

That is why, during the past 10 or 11 years, it is right that the Government—and we as a country—have done more to remember the holocaust and to bring its relevance into the modern currency of politics and civil society. Hon. Members have mentioned that yesterday the Prime Minister was at Auschwitz where he said that the UK will permanently support the maintenance and retention of the memorial there. This year, the Government have granted more than £750,000 to the Holocaust Memorial Day Trust, which organises a national Holocaust memorial day. The Government have made more than £1.5 million available to the Holocaust Educational Trust to support its work in raising awareness among younger people of the true horrors of the holocaust. One of the most powerful features of this debate is the personal experiences of right hon. and hon. Members, who not only visited Auschwitz, but had the experience of sharing that education with younger constituents.

Why should we go a stage further and honour heroes of the holocaust? The case for that has not been put better than by the hon. Member for New Forest, East (Dr. Lewis) and my hon. Friend. Although the holocaust teaches us about the depths to which man can sink, it also contains some of the best stories of the human spirit. In the midst of such a great crime, a small number of very brave people chose not to stand by, but to act, despite the fact that the consequence for sheltering, aiding or helping Jews to escape was severe.

We have heard the extraordinary story of Jane Haining, who was a missionary working in an orphanage in Hungary and who refused to leave the little Jewish children who were in her care. As a result, she was sent to Auschwitz, where she died. We have also heard about the example of June Ravenhall, who was an English woman living in the Netherlands. She hid a Jewish child for, I think, between two and a half and three years. In much of occupied Europe at that time, there was a short supply of food, fuel, and medicines, and the very act of taking somebody in and sheltering them was difficult not just because of the persecution taking place, but because of having to share scarce resources. June Ravenhall took additional risks because I understand that the Jewish child that she sheltered had tuberculosis.

We could also dwell on the other extraordinary stories that we have heard about from right hon. and hon. Members: for example, the stories of Frank Foley, Albert Bedane, Randolph Churchill, Ida and Louise Cook, Charles Coward, Sofka Skipworth and, of course, Princess Alice of Greece. One of the most extraordinary things about those who survived is that they often returned home to lives and communities from which they received no reward or recognition. Even though their stories are today such an extraordinary source of inspiration to us, many of those people did not consider that they had actually done anything out of the ordinary. Surely, such people should be considered one of the proudest aspects of Britain's war effort during the second world war, and that is why we should be honouring them today.

Another reason for doing so, which was alluded to by the hon. Member for Ruislip-Northwood (Mr. Hurd), is that honouring those people will help us to teach the lessons of the holocaust when, during the next 20 years, it goes from living history to just history. We need to find ways of helping teachers to communicate the sheer power of what those extraordinary people did. Talking about what they did will help teachers to communicate the wider argument and message that we can still distil and learn from the holocaust.

Let me turn directly to the subject of the early-day motion and the debate that my hon. Friend has initiated this afternoon. We have been following this subject with great attention. The Prime Minister, the Secretary of State for Communities and Local Government and I believe that it is right to recognise the contribution of holocaust heroes. We have had discussions across Government to examine a number of options, and we have concluded that there is a way forward, although I do not think that the precise way that my hon. Friend suggests in his early-day motion is right.

Let me add two points of clarification to explain why. First, if we take the basic principle that an Order of Knighthood relates to a society of people with the sovereign at its head that is bound together by statutes that define people's rights and obligations as well as their relationship to the outside world, we can begin to see how my hon. Friend's suggestion is not precisely the way in which appropriate recognition should be delivered. A dead person can take no place as a member of such a society of the living, and membership of one of the Orders of Chivalry ceases on the death of the appointee. That policy and the associated procedures have been subject to scrutiny several times since what I have outlined was articulated in 1922.

Secondly, it might be helpful if I correct a misapprehension that sometimes creeps into debates on the subject, although I am glad to say that we have not heard it this afternoon. Sometimes the idea of honours and gallantry awards are conflated, but it is important

[Mr. Liam Byrne]

to remember that, as the name implies, gallantry awards recognise individuals who have consciously put their lives at risk for the benefit of others, and that, under current procedures, awards are made within just five years of the event concerned.

Therefore, we need to find a different way to honour the people we have heard so much about this afternoon. I am pleased to announce that the Government agree that it is entirely appropriate that we should have a national recognition of the holocaust heroes. The Prime Minister, the Secretary of State for Communities and Local Government and I can announce that the Government will create an award of recognition for the extraordinary acts of courage shown by a number of British citizens during the second world war in helping many Jews and other persecuted groups to escape from the evils of the holocaust.

I want to discuss the precise dimensions of that award further in meetings with the Secretary of State for Communities and Local Government and other interested parties. I hope to meet the families of the heroes we have discussed, debated and heard so much about this afternoon. I hope that we can proceed in a cross-party way, so I would be grateful for the advice and counsel of Opposition Members and greatly privileged if my hon. Friend joined us in those discussions. We have some ideas about what would constitute a fitting award, but we want to hear the views of the families before developing proposals any further. I hope to have the first of those meetings in the next couple of weeks. I hope that all Members will agree that that will mark a clear recognition of those individuals' bravery, courage and self-sacrifice, and celebrate the outstanding contributions that they made for humanity and the finest traditions of this country.

In conclusion, I believe that this has been an extraordinary and, in a way, unique debate. I have not been in this House for long, but in the four and a half years since becoming a Member I have not had the privilege of being involved or associated with so powerful a debate. We have taken a vital step forward in honouring the gifts, guts and sheer goodness of those men and women from whom we draw so much inspiration today.

3.52 pm

Sitting suspended.

Planning Policy (Tall Buildings)

4 pm

Martin Linton (Battersea) (Lab): I am grateful for this chance to express my concerns about—

Sitting suspended for a Division in the House.

4.15 pm

On resuming—

Martin Linton: I shall try again, Mr. Benton. I am grateful for this opportunity to express my concern about the rash of planning applications for tall buildings in my part of London. I am talking not about what we usually mean by tall buildings—10, 15 or 20 storeys high—but about buildings of 40, 50 or even 100 storeys. I am not talking either about central London, where there are already clusters of tall buildings such as those in the City, or about Docklands or Croydon.

There are applications in almost every shopping centre in my borough. Some people believe that we need not worry about such schemes, because the recession will put paid to them, but that may not be so. Developers have stopped work on some small and medium-sized schemes, but they seem to be forging ahead with big schemes that take three or four years to build, presumably on the basis that the recession will be over long before completion.

One developer in my part of London is planning to erect two towers, one of 32 storeys and the other of 42 storeys, on the former site of Young's brewery in Wandsworth, and another is planning to erect two towers, both of 42 storeys, next to Clapham Junction station. The tallest buildings in my area are 1960s tower blocks on estates, which many people believe were a mistake and should not be repeated, but the planned towers will be double their height and six or seven times the height of the department store in our shopping centre, and they will dwarf the adjoining terraces of two or three-storey Victorian houses.

The new owners of Battersea power station went even further with a proposal for a 300 m glass tower, equivalent to 100 storeys, which would have been the tallest building in Europe. Fortunately, it fell foul of the long-standing rule that no building should be allowed to spoil the view of the Houses of Parliament from Westminster bridge. I am sure that the Minister knows that Wordsworth wrote:

"Earth has not anything to show more fair"

than the view from Westminster bridge. We may have him to thank for the fact that the owners of Battersea power station were forced to rethink their scheme, reducing its height from 100 storeys to about 13. They say that they have been able to redesign it so that it will be no worse than the original plan; in my view, it will be a lot better.

Battersea power station is in the Vauxhall Nine Elms opportunity area, which already has a cluster of tall buildings and is arguably in central London. I am prepared to accept that different rules should apply in the City, Canary Wharf, perhaps in Blackfriars just across from the City where the Secretary of State has just approved a couple of tall buildings, and in Vauxhall,

but I do not accept that individual tall buildings should be pepper-potted around London next to Edwardian, Victorian and even Georgian streets and town centres.

I realise that Ministers are more likely to be familiar with central London, but Wandsworth, where my constituency lies, is as far from the City of London as Stockton is from Hartlepool or, in the case of the Secretary of State, as far as Eccles is from central Manchester. No one could argue—I am sure that Ministers could not do so—that heights that are acceptable in the City should, by the same token, be acceptable in Wandsworth.

Wandsworth planning committee passed the Young's brewery scheme although 71 of the 90 public responses were opposed to it. I cannot think what possessed it to do so. English Heritage was against it, the Commission for Architecture and the Built Environment was against it, and both said that there should be a tall buildings strategy for the whole of Wandsworth, which there is not. All the local amenity societies were against it. The Wandsworth Society brought a deputation to the committee to argue against it. The society, which comprises sensitive, thoughtful and civic-minded people, believes that, at least in the Wandsworth context, any building over five or six storeys should be considered tall and that there should be a presumption against its construction. However, the seven Conservative members of the committee all supported the scheme and only my two Labour colleagues opposed it.

I wrote to the Minister to say that I thought that the approval was wrong and the application should be called in, on the ground of excessive height and on the ground that at the last moment Wandsworth agreed to reduce the proportion of affordable housing from 33 per cent. to only 11 per cent. I know that the Secretary of State uses only very rarely her powers to call in planning applications—I believe that there were only 27 call-ins in the whole country last year. In London, where the Mayor now has powers to refuse, there is even more reason for her to use the powers only in exceptional cases.

Fortunately, that was one of the rare cases in which the Minister agreed that the scheme needed another look, on quite a number of grounds, and there will now be a public inquiry, which I very much welcome. I know that the Minister is unable to comment on the scheme, because the final decision will rest with him or his Department, but I congratulate him on his perspicacity and judgment in making use of the powers on this occasion.

A huge campaign is under way to stop the towers at Clapham Junction. People feel that they would look completely out of place in a Victorian town centre, where all the buildings have between four and seven storeys. The Clapham Junction Action Group has been set up and is fighting a spirited campaign. The theme of the campaign is that we want to keep our town centre on a human scale. We have 614 objectors on the planning department website so far and we are aiming for 1,000.

I accept that that is a local issue. My concern in this debate is with the wider issue of tall buildings and planning policy. Recent changes in planning policy, moving away from height and density guidelines and judging each planning application as a whole, have had unintended consequences with which we are only now getting to grips.

First, if there are no height and density guidelines, how does a developer know how much to pay for a site? He does not even know how many flats he will be allowed to build. He has to second-guess the decision of the planning committee, which may be two years down the line. Minerva, the company that bought the Young's Brewery site, paid £69 million. I have no argument with the company, which has devised a very sensitive scheme that retains the old brewery beam engine and coppers at one end of the site, but it says that that must be paid for and the price is a 42-storey block. To my mind, that is the wrong way to do it. The developer should be told how many flats he will be allowed to build. That will give him certainty. He already has enough uncertainty because of fluctuations in the price of property.

Secondly, developers should be told exactly where tall buildings will and will not be allowed. If the policy is to confine tower blocks to clusters, which I would support, they should be told exactly where they are. If the policy is to allow landmark buildings, they should be told where those landmarks can be. We must not leave every developer to argue that his building is a landmark, because believe you me, they all will.

Scrapping the height and density guidelines has been a disaster. It means that architects compete against one another to build the tallest towers, instead of complementing one another in the creation of an attractive townscape. It means that developers pay too much for sites and then "have to" build high to recover their outlay. The public feel that they are being blackmailed by developers, who will build something good only if we also allow them to build something monstrous behind it.

I want to strike a blow not just against towers in my constituency—the hon. Member for Cities of London and Westminster (Mr. Field) has a similar problem across the river—but against the whole idea that we can improve our cities by building high. Paris, Rome, Venice, Vienna, Prague and St. Petersburg—there may be others—all consign their tall buildings to defined areas. The result is cities that are elegant, atmospheric and economically successful.

Much as I admired the former Mayor of London, Ken Livingstone, for his policies on public transport—he gave me four new bus routes in my constituency, which I cannot complain about—and for his investment in neighbourhood policing, I did not always see eye to eye with him on planning matters. In his "Interim strategic planning guidance", issued in 2001, he described how Paris banishes tall buildings to peripheral locations, such as La Défense, and he went on to say:

> "But these cities pay an economic price for their largely heritage-based policies. They can beat London in the 'city as a museum' stakes, but are not in the same league in the...financial, insurance, trading, banking...and legal markets."

I have to say that Boris is no better. In fact, in one respect, he is much worse because before his election he gave everyone to believe that he was against tall buildings, but what has he done since? He may have taken a few right decisions in central London, including on Battersea power station, which I have mentioned, but in places such as Wandsworth and Clapham Junction, he has betrayed the expectations of his voters by approving 42-storey blocks in totally inappropriate places. That is made worse by the fact that he has the power—we gave it to him—to direct refusal or to take an application over, but has never used it.

[Martin Linton]

To return to Ken, he is talking total rubbish when he suggests that cities have a choice to make between being beautiful cities and being successful cities. There may be many other factors in what makes a successful city, but being beautiful is definitely a plus factor, not a minus factor. One of the beauties of London is that it is a largely horizontal city. Most people live in houses with gardens at the front and back, and they are happier to travel a few minutes further on the train than a bit further up in a lift. In other words, they prefer to live out in the suburbs than in very high tower blocks in the city centre.

In any case, as English Heritage pointed out in its document entitled "Changing London: An historic city for a modern world",

"Successive studies have concluded that tall buildings are not necessary for the future of London as a global financial centre and that there is no evidence that London will lose jobs to other cities without them. London has flourished as a World City in the past 20 years by building medium- and low-rise. By comparison, an enthusiastic policy for tall buildings in Frankfurt has not prevented the steady seepage of German business headquarters to London."

I say bring back the height guidelines. That will give developers the certainty that they need to plan; it will give architects the discipline that they need to flourish; and it will give the public the reassurance of knowing that their local planning committee will not allow a 42-storey tower to be built around the corner from their house.

I am now speaking in one of London's most beautiful buildings. Let us remember what Wordsworth said about people who do not appreciate it:

"Dull would he be of soul who could pass by

A sight so touching in its majesty".

I look to the Minister and the Secretary of State to hold the line against tower blocks in inappropriate places by, wherever necessary, calling in applications and using their good sense when making decisions. I also look to them in the longer term and, indeed, in the London plan review, which I understand is now going on, to reconsider and perhaps recast the planning system, which is driving developers, architects and their retinues of public relations consultants—every development now comes with a public relations consultant, who is assiduous in persuading people to put in positive comments—to push for ever taller buildings in ever more inappropriate places.

4.29 pm

Mr. Mark Field (Cities of London and Westminster) (Con): I apologise for not being present at the outset of this important but short debate. I was expecting a second Division in the House. Obviously, Government Members had more of an inkling of what was likely to happen in the vote on the Gurkhas.

I congratulate the hon. Member for Battersea (Martin Linton) on bringing this important issue to the fore. I share his view that there is a risk of tall buildings being erected piecemeal, particularly at riverside or near riverside locations, in such a way that they blight the ambience of the river and of our capital city. That would be to the detriment of my own constituency districts.

I shall just say a few words, because we would obviously like to hear the Minister's response to the debate. Under current legislation and guidance, suitable locations for tall buildings include part of London's central activity zone. In fairness to what the hon. Gentleman was saying about London as a commercial centre, we have had the benefit of Canary Wharf emerging during the past two decades with some large buildings that, none the less, are in keeping with a financial district located away from the historical centre of our City. However, the whole of the City of London itself is within that central activity zone and its role as a business cluster means that parts of the City are considered suitable for tall buildings.

The City of London's own unitary development plan goes back seven years. It has a policy to permit high buildings where they would enhance the City skyline and not adversely affect to an unacceptable degree the character or amenities of the surroundings or the environment. In practice, as the hon. Gentleman has pointed out, that means that there is the greatest potential for new tall buildings where they consolidate an existing cluster—in the context of the City, such places include Bishopsgate and the Leadenhall market area.

I very much endorse what the hon. Gentleman said, particularly if we compare the openness of Hyde park with Manhattan in New York City, where Central park is so enclosed by tall buildings on the east and upper west side. Although there are one or two large buildings near Hyde park—the Hilton hotel on Park lane, for example—I think that even many New Yorkers would agree that the ambience is much better.

The hon. Gentleman rightly pointed out that the new Mayor of London is committed to revising the London view management framework to strengthen view protection, although I share some of his concerns, particularly about a 42-storey building in an area such as Clapham Junction. Whether there will be a robust funding package to enable such a building to be built is perhaps another matter, but we hope that the Mayor of London, of whatever colour, will use his powers and work closely with the local boroughs to maintain some of the brilliance of London, without having a huge number of tall buildings.

It is perhaps ironic that the only hon. Member awaiting his turn to speak later is the hon. Member for Croydon, Central (Mr. Pelling). There is a large, downtown commercial district in the middle of Croydon. With the greatest respect for his constituency, I am sure that he will not mind if I re-tell a brief conversation that I had with the hon. Member for Battersea in a lift 48 hours ago, in which I agreed with him that we do not want too many Croydon clustered all over London. Perhaps that would also undermine to a large extent some of Croydon's unique outlook and commercial position outside the centre of our capital city.

I shall now bring my comments to a close because I appreciate that times moves on, and that we are interested to hear, from the perspective of sunny and low-rise Hartlepool, what the Minister has to say.

4.33 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is a great pleasure to see you in the Chair, Mr. Benton,

presiding over us. I always enjoy debates when you are in the Chair. I remember, with affection, the Housing and Regeneration Bill a year or two ago.

I congratulate my hon. Friend the Member for Battersea (Martin Linton) on securing this important debate on planning policy for tall buildings. The thing that strikes me not only in this debate, but elsewhere, is what a fantastic and assiduous campaigner he is on behalf of his constituents. He has reaped awards during his time in the House and, frankly, his constituents are lucky to have him.

I want to address the concerns raised by my hon. Friend and the hon. Member for Cities of London and Westminster (Mr. Field) on the framework for decision making about tall buildings, specifically with regard to local planning authorities in London. As the hon. Gentleman has said, Hartlepool is somewhat low rise in its buildings although, I hasten to add, not low rise in its ambitions. I wish to point out what guidance is available to help planners throughout the country. My hon. Friend drew attention to several planning proposals for tall buildings in his constituency and elsewhere. I know that he understands the position, because he alluded in his contribution to the fact that the Secretary of State's formal role in the planning process means that I cannot possibly comment on specific proposals. However, I hope that my general remarks will be useful.

There is a no legal definition of a tall building. That is not as stupid as it sounds, because a 10-storey building in a mainly two-storey neighbourhood, for example, would clearly be thought of as tall, but in the centre of a large city it may not be. Consideration of tall buildings needs to be made with reference to their location, but I take my hon. Friend's point that many recent proposals have been for very large structures, visible from neighbouring boroughs.

I assure my hon. Friend and the hon. Gentleman that the Government are very much aware of the risk that poorly sited towers can bring. Existing streets, public spaces and buildings provide an historical and cultural context, nurturing local pride, that important sense of place and, above all, a human scale—the phrase I think that my hon. Friend used—as the backdrop to our lives. Townscape can also help people feel a sense of ownership—of somehow being at home in the places where they live, shop and work. That does not necessarily mean that we should not allow our cities to grow. We must acknowledge that economic prosperity is important. Cities can change, evolve and develop through new development, and, in the right place, that may include tall buildings.

Let me set out the planning framework within which an application for a tall building must be considered. First, at a strategic level, policy on tall buildings, as my hon. Friend has said, is the responsibility of the Mayor of London. The London plan identifies broad locations where tall buildings may be suitable, and it also includes policies on intensity of site use. Policy 3A.3 in the London plan, on "Maximising the potential of sites", states:

"The Mayor will, and boroughs should, ensure that development proposals"

for each site

"achieve the maximum intensity of use compatible with local context, the design principles in Policy 4B.1 and with public transport capacity. Boroughs should develop residential density policies in their"

development plan documents "in line with" the policy in the London plan and should

"adopt the residential density ranges set out in"

what is known as a density matrix table, which is also included in the London plan. The policy adds, quite firmly—my hon. Friend has alluded to this—that the Mayor has the power to

"refuse permission for strategic referrals that, taking into account context and potential transport capacity, under-use the potential of the site."

I now turn to the role of the local planning authority, which is very much in the driving seat in terms of the vision of and ambition for what an area will look like. Boroughs prepare site-specific policies in their development plan documents. It is not expected that rigid height limits for specific locations should be included in local development frameworks. Instead, core strategies should contain broader policy that sets guidance for development in an area. The London plan includes criteria and a set of considerations to help boroughs identify suitable sites for tall buildings and to assess the design and impact of such buildings.

There is no requirement for local policies slavishly to repeat regional ones, such as those in the local plan. Local distinctiveness and variation are to be prized and utilised. However, the borough's development plan must generally conform with the regional plan. Within the framework of criteria in the London plan, each local planning authority can define what a tall building is in that particular local context. For example, it may define suitable heights in relation to surrounding buildings and acceptable impacts on the skyline. However, I do not think that it would be appropriate to take a blanket approach across the whole borough and to seek to impose height restrictions that cannot be justified. Rather, it is right that a borough must set out, as part of its spatial strategy, appropriate locations for tall buildings.

To achieve that, the local planning authority must prepare a core strategy, which might incorporate a working definition of a tall building and indicate which locations could be appropriate in that particular area or what other factors would need to be taken into account, such as access to public transport. There may also be a requirement in terms of the benefits that a tall building should offer, whether regeneration, affordable housing—a matter of some concern and passion to my hon. Friend—or some other public good that could be solved by sound design, planning conditions or a section 106 agreement with the developer. If desired, detailed criteria for assessing the design and impact of tall buildings can be incorporated in a local authority's development management document.

Within that broad strategic confine, on every single individual planning application, the views of local people must be invited and given serious consideration. Every site is unique and the planning system requires each case to be assessed on its own merits and on how the particular application is consistent with the borough's core strategy and local development framework. Decision makers may wish to consider whether, in the circumstances of a particular application, it would be reasonable to require planning benefits from a development being proposed.

[Mr. Iain Wright]

I have mentioned section 106. Perhaps a section 106 agreement with the developer, or conditions imposed on the permission, could require investment in public transport in the vicinity, or a stipulated proportion of affordable housing to be included in a residential development. Of course, the local planning authority has the power to refuse an application that does not come up to such expectations, provided that its views are robust and backed by evidence, as set out in its core strategy.

I have mentioned the local planning authority, which is in the driving seat when it comes to determining what an area should look like. I have also mentioned local government and the Mayor of London. Let me now turn to the central Government's role. I want to mention two specific areas where I think that the Government can be involved, namely call-in and providing advice and guidance.

In certain circumstances, the Secretary of State has the power to call in individual planning applications for tall buildings—for her own decision to be made after a public local inquiry. My hon. Friend has already mentioned called-in decisions made by my right hon. Friend the Secretary of State, and he knows—I reiterate—that I cannot possibly comment on those. But earlier this month, my Department issued a new circular that sets out the circumstances in which the Secretary of State should be consulted on whether to call in a planning application. It includes new criteria in respect of development that threatens a world heritage site.

Let me turn to the second point, which is guidance. I draw the attention of hon. Members present to several items of guidance that planners should pay heed to when they receive an application to build tall. The first is planning policy statement 1, on delivering sustainable development. The guidance is very firm that any proposal to construct a tall building should be evaluated in the light of the general design and planning principles set out in PPS1. Paragraph 34 of the statement makes it very clear that

> "Design which is inappropriate in its context, or which fails to take the opportunities available for improving the character and quality of an area and the way it functions, should not be accepted."

That key test applies to all development proposals, including tall buildings.

The second item is "Guidance on tall buildings". The Government strongly endorse the messages in the revised guidance, which the Commission for Architecture and the Built Environment and English Heritage issued together in 2007, called "Guidance on tall buildings". The guidance should be given serious and careful attention by all those designing tall buildings and considering their location. It is a vital complement to national planning guidance, and is likely to be an important—I stress the word important—material consideration for local planning authorities or planning inspectors in cases that involve tall buildings.

My hon. Friend may wish to note that the Secretary of State has always referred to that guidance in determining recent called-in proposals for tall buildings.

Mr. Mark Field: The Minister has touched on world heritage sites, which have great relevance here in central London, particularly in relation to the Tower of London, the Palace of Westminster and, maybe in future years, either the Battersea power station or the new US embassy, which will be in the constituency of the hon. Member for Battersea. UNESCO has expressed some grave concerns that the Government need to strengthen protection. Does the Minister agree that strengthened policy protection for our world heritage sites, particularly here in central London, could help constrain to the proliferation of tall buildings?

Mr. Wright: I agree with the hon. Gentleman, who has raised a valid point. Time is against me, but I want to emphasise how much value I give to world heritage sites and protected views. I am aware that the constituency of my hon. Friend the Member for Battersea does not have a protected view or a world heritage site yet, and it is crossed only by one protected view corridor, which is very important in considering tall buildings.

That brings me on to my third point regarding policy guidance, which is about planning policy guidanee.

Martin Linton: I seek an assurance from the Minister. I appreciate the importance of world heritage sites in planning. But there are many areas—Clapham junction being a good example—which have a Victorian town centre that is not historic, but nevertheless has a coherence and is loved by people who live in it. It would be just as badly affected by an inappropriate tower block as a world heritage site. Is the system not capable of looking beyond world heritage sites at town centres that have a particular character?

Mr. Wright: Very briefly, my answer is yes.

Mr. Joe Benton (in the Chair): Order. Time is up.

Policing (Croydon)

4.45 pm

Mr. Andrew Pelling (Croydon, Central) (Ind): Mr. Benton, this is the first time that I have served under your chairmanship, and a great pleasure it is, too. I thank Mr. Speaker for selecting this subject for debate and the Minister, who has a busy diary, for spending time to come to answer to this Adjournment debate. I intend to draw attention to the need for a fairer share of London's policing resources to be allocated to the London borough command, ahead of the upcoming discussion on the resource allocation formula.

It is of the gravest concern to me, and has been for quite a while, that young men have been killed through knife crime on our streets in Croydon. It is incumbent on me to speak up on that issue. I appreciate that these issues are devolved matters and that there is a great responsibility on the Greater London authority, the Mayor of London, the Metropolitan Police Authority, its finance committee and the chair of that committee, Councillor O'Connell, to secure the appropriate resources in respect of the resource allocation formula, which can be difficult.

When I was a London assembly member, a great deal of progress was made via thorough consultation on the operation of the resource allocation formula, and it looked as though there would be an appropriate allocation. However, following the introduction of significant discretion for the commissioner, it is fair to say that the resource allocation formula could not come into effect.

In a way, I am appealing to the Minister for advice as to how best Croydon's politicians can go about their business in terms of lobbying effectively on resource allocation. Perhaps politicians in the city of Westminster and the London borough of Wandsworth are more effective in terms of lobbying for resources.

There is certainly no discrimination of any kind against Croydon—not in any organised way. However, we see a trend in terms of the funding provided for the council through Government grants. A London government quite reasonably puts an emphasis on resourcing for east London in the context of the Olympics and social deprivation issues. It quite reasonably puts an emphasis on the requirements of central London through the discretionary business rate that will resource Crossrail. In Croydon, our hospital is going through a proposed downgrading, with the acute stroke provision being transferred elsewhere, so it is important that we be able to lobby effectively for resources in Croydon.

It is important to recognise that, since 1997, and particularly since the introduction of the GLA, there has been a significant investment of resources in policing in London, with a transformation in the number of police officers in the Metropolitan Police Service and on our streets—I am thinking of the organisation of policing and the operation of police community support officers. In Croydon, we are fortunate to operate under an acting borough commander, Adrian Roberts, who is committed to Croydon as part of his job. He operates in such a way as to make the best use of resources. We also benefit from the fact that the borough commander works well with Croydon council and the three safer transport scheme teams that are now in place. Croydon is one of the first boroughs to roll out diamond districts.

However, there are real difficulties in Croydon. Sometimes, it is important for me as a representative of Croydon to emphasise how much it has changed. I illustrate that change by mentioning the fact that we used to have two very safe Conservative seats in the north of the borough, where Jack Weatherill and the hon. Member for Woking (Mr. Malins) were Members. We now have a situation where the right hon. Member for Croydon, North (Malcolm Wicks) sits in the safest Labour seat in London. Although I am sure that a great deal of that is down to the excellence of the Member of Parliament for Croydon, North, it is also down, to a certain extent, to demographic change.

There is dynamic demographic change in Croydon and there are real issues as to whether the formulae, with regard both to policing and to Croydon council's financing, take full account of our actual population. Doctors' registrations suggest that our population is 40,000 higher than that recognised within normal granting of moneys to Croydon. Therefore, real stress falls on public services and policing is no exception.

There are also issues to do with the challenge that the police service faces in policing our borough. Peter Smyth, chairman of the Metropolitan Police Federation, said of Fairfield, the ward which contains Croydon town centre:

> "If you look at the information, Fairfield sounds to me that it's not the sort of ward where officers should go out on their own. If I were a local police superintendent I would say that officers should go out in pairs."

He added:

> "It's the bloke out there on his own going through a rough part of town that is most vulnerable."

Croydon, most definitely, has significant challenges. During this Parliament, there have been 10 knife killings in Croydon. I have certainly found it very sad to visit mothers of sons who have died. There was a great deal of publicity about the very sad case of Mr. Abbey, who was knifed to death at a bus stop on the way to Mayday university hospital to see his newborn child for the first time. There was also the very sad case of the son of a Kurdish family, who was murdered over a chocolate wrapper being thrown into a car. Those are all very sad and tragic cases.

That there is a challenge for Croydon policing can be seen in the fact that, although crime is falling as a whole in the Metropolitan police area, in Croydon, crime has gone up. Overall, there were 18,000 fewer offences in London between 2007 and 2008. However, in Croydon there was a 7.4 per cent. increase in crimes committed, going up from 30,537 to 32,805. Burglary in particular in the last six months has had a sharp upturn, with more than 300 reported offences.

Only in the last week, I have received correspondence from constituents. As an example of the types of stresses and strains that the police service has to deal with, one Croydon resident wrote to me saying:

> "I was attacked by 30 kids in a gang called the DSN on Saturday 4 April."

This was in Wandle park in Croydon, in broad daylight.

> "I was beaten severely and cut with knives across my arms and back and I have just had the stitches out of my head. Just because I refused to let them ride my bike...Today I thought I would be brave enough to go back there. Only to see a 14 year old getting held up and robbed for his phone by two teenagers again yielding knives."

[Mr. Andrew Pelling]

That is a park that the Greater London authority intends to spend £400,000 upgrading. One of the difficulties—it is not just about policing by the Metropolitan Police Service; it is also about proper care and attention by Croydon council—is that over the years we have had far fewer park wardens. In fact, we only have 19 park wardens to police the 124 open spaces that we have. I am grateful to Aline Nassif of the *Croydon Advertiser* for revealing that through a freedom of information request with the *Croydon Advertiser* last week.

I also have correspondence from a constituent, Joanne Bradley, who expressed concern about the amount of time it took for the police service to attend her home after a burglary took place. It essentially took 24 hours. Jenny Winstanley says:

"Without fail every Thursday, Friday and Saturday night after the bars and clubs kick out there is constant shouting, screaming, last night there were three separate fights and then the inevitable making up afterwards!"

This happens in the centre of Croydon. She says that, when she has visitors to stay,

"Once they have run the gauntlet of the...drug addicts"

sleeping in the streets near East Croydon station, it is difficult for them to get any sleep when there is so much antisocial behaviour.

Obviously, these issues are not as important as the killings that have taken place. It is encouraging that, when extra police resources are provided, real progress is made. I am grateful for the way in which resources have been found corporately for Croydon borough command over the past few months in Operation Safe for All. That operation has had a real effect on the amount of crime, with 101 fewer victims of knife crime, 15 fewer victims of youth violence, 28 fewer victims of gun crime and 271 fewer victims of robbery. That is an impressive story of the effectiveness and impact of the police service. However, we have problems in the town that are having a real effect on the economic performance of Croydon.

It is notable that many retailers report to me that the problems have a significant effect on their business. A major retailer tells me that people in the A and B classes—people with money—are reluctant to shop at our main department stores. I have heard a report that, after incidents in the centre of Croydon, typically occurring around 3.30 pm or 4 pm, when regular fights between teenagers take place, there is a significant downturn in business. Mr. Ford, who runs a shoe business, says:

"Up until the fight on"

a particular day, he had

"had a really good day"

and had

"probably sold about six or seven pairs of shoes every hour",

but, he says,

"After 3.30pm we sold just one pair."

That is a reflection of how the town has lost many of its shoppers because of the stresses and strains.

We need to see in Croydon not only many more police officers, but many more uniformed people in the town centre. It is not good enough just to have CCTV cameras watching over those who come to enjoy the retail experience in Croydon; we must ensure that we have a mixture of police officers. More officers must be provided in the business improvement district to ensure that the whole of our town centre is within eyesight of officers of one sort or another. I am not saying that all those officers should necessarily be in a police-type uniform. The experience of business improvement districts, particularly in the United States, shows that a non-confrontational style of uniform is often positive in policing younger people.

When I talk at schools, or when students come here to look around the Houses of Parliament and I meet them afterwards, I notice that young people sometimes feel unhappy about the nature of policing. Policing has to be consensual—there has to be support from young people—but sometimes they feel victimised and sometimes a good combination of police officers and other types of policing would be more appropriate. I therefore hope that there will be an emphasis on the local authority rebalancing its priorities to secure the resources needed for that type of policing. Only then will people have confidence to return to Croydon town centre. If that happens, we will see a return on the investment on extra policing through an improvement in business for our local retailers.

Most important, I earnestly want to emphasise the importance of Croydon securing its fair share of resources. I will be interested to hear the Minister's advice on the best way to lobby for that change.

5 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I congratulate the hon. Member for Croydon, Central (Mr. Pelling) not only on securing the debate, but on the measured way in which he stated his case. I am happy to join him in recognising the excellent work the police do to tackle crime and protect our communities, including his own, often in challenging and difficult circumstances.

It is only right that local decisions on police deployment are made locally by the commissioner and the borough commander. The Metropolitan police are relatively well resourced, with 31,109 officers in September 2008, which is 4,432 more than in March 1997. That is an increase of 16.6 per cent., which is significantly higher than the overall increase of 11.7 per cent. for England and Wales. The Metropolitan police are also supported by 4,200 police community support officers and 13,697 police staff, who of course play an important role, often releasing police officers for front-line service.

I know that the hon. Gentleman takes a keen interest in policing and, as one would expect, meets regularly with his borough commander. I know that he sought assurances about the commitment to maximise the police presence on the streets of Croydon. He mentioned the beginning of Operation Safe for All last year in Croydon, where there has been sustained investment in resources in the form of corporate assets from across the Metropolitan Police Service. That has made a major contribution to reductions in knife crime, which I will return to shortly, and youth violence. As he knows, Croydon has also benefited from the addition of three safer transport teams to police the transport hubs. The improvement in resources, which he was gracious enough to recognise, is evident, and I understand from the commissioner that, as of 31 March 2009, the Croydon operational command

unit has 697 officers, which is 147—28 per cent.—more than in March 2001. There are also 176 police community support officers.

After listening to the hon. Gentleman's speech, I was left with the impression that, although he was speaking in a debate in this place, his voice was reaching out to others beyond this Chamber. I understand why he might do that. He is a long-standing advocate for his constituents on policing matters and he has sought our advice on how he can further his campaign. I am sure that he acknowledges to some extent our limitations, particularly in operational matters. He is very good at mobilising his constituents.

We are, of course, removing all the top-down targets for the police service after a request from the service and as a result of a more mature attitude between central Government and police force areas. However, we will leave one target in place: the confidence target, by which the police service is measured by local residents after they engage with it.

On resources and the outcome of applications for them, I am sure that police forces are keen to ensure that the necessary resources are in place and used—and, more important, used on the priorities that local residents determine. There is a Metropolitan police allocation formula, which is kept under review by the Metropolitan Police Authority and the commissioner, but as the hon. Gentleman will have expected me to say, the actual resource allocation formula applied to Croydon and other London boroughs is a matter for the commissioner.

The Metropolitan police allocation formula is not dissimilar to the overall Home Office police funding formula, but it is subject to allocation depending on the circumstances pertaining to each borough in the Metropolitan police area. It is a matter not merely of counting up the number of officers and staff, important though that is, but of assessing how their time is being used. Good deployment means that officers and staff are in the right place at the right time to deliver help when the public most need it. Moreover, it means that they can deliver the less visible parts of policing that are vital for police protection. There is scope for the police service, including the Metropolitan police, critically to review both the mix and the roles of the work force. I am sure that the commissioner continues to review the work force mix, so that it is best configured to provide the highest quality of service.

I will return later to the hon. Gentleman's points about the business community, which is of particular interest to me. First, let me say that in the current economic climate, there should be a relentless focus on value for money, because it is more important than ever to get good value for money from our public services. I am talking now about sustaining efficiency and productivity improvements that have already been delivered, and ensuring that resources are effectively targeted at improving front-line services and delivering the best possible service to the public. That means even greater scrutiny by the Metropolitan Police Authority in assessing performance and ensuring that the commissioner is making the best possible use of his most valuable resource which, at the end of the day, is his work force.

Let me say something about how the police service needs to operate in Croydon and elsewhere. This Government introduced neighbourhood policing teams, of which there are 25 in the borough of Croydon. That is a permanent and very welcome improvement in the way in which policing is delivered locally, not least because it is designed to ensure that the service is citizen-focused. That means being more responsive and more locally accountable than it has been in the past, and that is a key way of ensuring that public confidence in the police improves. The policing pledge, which will be implemented in all forces in England and Wales, including the Metropolitan police, by the end of 2008, signals our commitment to make further progress in that regard. It requires local forces to arrange regular public meetings at least once a month to agree priorities and ensure that they are then addressed. I am talking about how resources are directed and about ensuring that the necessary resources are there.

The hon. Gentleman referred to crime statistics. I do not particularly want to get into a Dutch auction around statistics, but just in case anyone was left with the impression that crime has continued to rise in Croydon and is now rising irretrievably—particularly against the backdrop of an economic downturn—I will say that there is no inevitability about rising crime in an economic downturn, partly because of the changes that we have put in place. I suspect that the hon. Gentleman is looking at more recent figures. None the less, my figures show that overall, crime in Croydon has continued to fall. In mentioning burglary, he rightly identified one of the indicators about which we are particularly concerned. When we look at recorded crime statistics in Croydon, we see a slight increase in domestic burglary. I say that because sometimes there is a difference between the British crime survey figures and recorded police crime. However, that is the only indicator that shows an increase from 2006-07 to 2007-08. That is why the Home Secretary recently announced a burglary initiative.

As part of providing real help in hard times, we want to respond to the concerns of retailers, which the hon. Gentleman mentioned. I chair meetings with retailers, and we have recently decided to increase the number of such meetings so that we can focus particularly on their priorities. I accept the hon. Gentleman's point about their concerns. One of the important things we have done is started to improve the links between local businesses and their local crime reduction partnerships. In many cases, businesses do not know what crime reduction partnerships do or how to get in contact with them. Although it is very important that the police service regularly communicates with the community and addresses its concerns, it must acknowledge that the business community is an important part of the wider community. Retailers, who might be most concerned about acquisitive crime such as shoplifting and theft, must be at the forefront of their work, and I assure the hon. Gentleman that that is a priority for us. We hope to say something shortly about what more we can do to help that sector.

The hon. Gentleman mentioned knife crime, and I want to say something about that before I conclude my remarks. He will know that, for the past year, we have run the tackling knives action programme. Launched in June 2008, the programme involves tough enforcement action together with support for parents and enhanced partnership working with schools and hospitals. The Metropolitan police service is one of the 14 forces now taking part in the second stage of that programme.

[Mr. Alan Campbell]

In Croydon, the programme is showing some signs of success—I hesitate to use that word, but I am going to anyway. I hesitate, because I hate using such a word when young people are still using knives to stab each other, sometimes fatally. Therefore, saying that there has been "success" might give the wrong impression, but I think that progress is being made in Croydon, with a 17 per cent. reduction in the victims of knife crime in 2008-09. That does not mean that we are complacent in any way, shape or form, which is why the Government have recently announced that the programme will continue for a further year, with an extra £5 million to tackle knife crime and increase targeted police action aimed at the minority of young people who commit serious violence.

Croydon has seen a significant investment in policing over the past years. As I would expect, the hon. Gentleman makes a strong case for a greater share of funding. That is not within our remit, but I am sure that there are people watching and listening closely to what he has said who will have heard his advocacy on behalf of his constituents. As he accepts, how resources are used is an operational matter for the local police leadership in an area. We are confident that many of the long-term measures in place, including safer neighbourhood teams, police community support officers and many of the other things that I have mentioned, will bear down on crime and on some of the problems that the hon. Gentleman has mentioned. We believe that there has been some success, which is linked to increased resources that we do not intend to see diminished overall.

We believe that there is a job still to be done to bear down on crime further, and particularly on that minority of people who might wrongly believe that they are beyond the reach of the law. I assure the hon. Gentleman that both he and I share the view that such people are not beyond the law, and we must work at a local and national level to ensure that we do everything possible to bear down on crime further.

Question put and agreed to.

5.13 pm

Sitting adjourned.

Westminster Hall

Thursday 30 April 2009

[JANET ANDERSON *in the Chair*]

Darwin Initiative

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Diana R. Johnson.)*

2.30 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I am delighted that we are here today to debate the Department for Environment, Food and Rural Affairs' Darwin initiative. As hon. Members will know, this year is the bicentenary of the birth of the initiative's inspiration, Charles Darwin. Of course, Darwin revolutionised thinking on the natural environment, and DEFRA, along with a wide range of partners, is celebrating his achievements throughout this year. We must all use this opportunity to communicate just why our wildlife, wherever it is in the world, is so important. Halting the loss of wildlife is one of the greatest challenges that we face today.

Globally, 10 to 30 per cent. of all mammals, birds and amphibians are threatened with extinction. Over the past 50 years, humans have changed ecosystems faster and more extensively than in any period in human history, resulting in substantial and largely irreversible loss in the diversity of life on Earth. It has been projected that we could lose a further 11 per cent. of biodiversity on land worldwide between 2000 and 2050.

At national level, the UK biodiversity indicators, which were published at the beginning of this month, show that we are making some good progress in some areas but that more work needs to be done. Of the 33 indicators published since 2000, 23 show improvement or are stable. Clearly, we need to address declines, such as the decline in farmland bird populations for which the trend is, once again, one of deterioration. Historically, numbers of such birds have declined overall by 50 per cent. since the 1970s.

Nevertheless, I think that it is fair and right to say that the very rapid declines in UK biodiversity during the last quarter of the 20th century have substantially slowed and in some cases been halted.

However, the question arises—why should we even care? Well, to put it quite simply, our survival depends on it. Not only do the myriad species that make up life on Earth have intrinsic value, but together in their habitats they provide us with the very essentials of life. They supply food and fuel, clean our air and water, and help to regulate the climate. In short, they provide us with a huge range of services—ecosystem services—on which our well-being and livelihoods as human beings depend. Those links are most explicit and most visible in the developing world, where the poorest and the most vulnerable people are the most dependent on the resources of the natural environment for their survival.

Biodiversity conservation, sustainable livelihoods and poverty alleviation are inextricably linked. One quote that I came across recently sums that up:

"Biodiversity is not the luxury of the rich. It is the treasury of the poor."

That is why it is essential that issues affecting people's livelihoods are central to our approach to international biodiversity conservation, and I will talk more about that shortly.

However, it is not just elsewhere that the natural environment has a real impact on people's livelihoods. About 700 million day visits are made to the English countryside each year and 60 per cent. of rural tourism and recreational activity is estimated to depend on landscape and wildlife, supporting more than 190,000 full-time jobs.

There is much more that biodiversity is doing to support our economy, through good times and bad. Trees and parks in our cities clean and cool our air, while peat bogs store and purify our water supplies. Our natural environment is improving our health and it can reduce our bills. Even damaged habitats can work just as hard for us. We must not forget the vital contribution of habitats in these difficult economic times.

Therefore, properly valuing the contribution of environmental resources to the economy is vital and I am pleased to say that a lot of work in this area is under way already. At the forefront of that work is Pavan Sukhdev's work on the economics of ecosystems and biodiversity, which we are proud to support. His ambition is to set out what our environment is truly worth, the benefits that it provides to us and how much we stand to lose by allowing it to deteriorate any further.

Results from the first phase of that work showed that the world is losing an estimated $68 billion in ecosystem services every year, because of damage to nature. We look forward with great anticipation to hearing the outcomes from the second phase of this work, which will be reported next year. All this evidence illustrates the fact that it is more important now than ever for us to halt the current rate of biodiversity loss at all levels—global, regional, national and local.

So how do we do that and what are we already doing? Within the UK, we have six priorities for action. The first is to play a proactive role internationally. The others are protecting the best wildlife sites, promoting the recovery of priority habitats and species, embedding biodiversity in relevant sectors, engaging people and developing the evidence base. Those are our six priorities and the Darwin initiative also forms a significant component of our international work by providing funding to support the collaboration between biodiversity experts in the UK and local partners in developing countries. In that way, it helps countries that are rich in wildlife but poor in financial resources to take conservation action. I will have the opportunity to see some of the work being done by these Darwin projects for myself when I attend a UK overseas territories conservation conference in the Cayman Islands in early June.

Darwin must count as one of the most successful initiatives that my Department has in its portfolio and it is a major source of pride for me, the staff involved and the wider Darwin community, including, I must say, the very dedicated members of the Darwin Advisory Committee, a distinguished panel chaired by Professor David Macdonald of Oxford university. The members of the panel contribute their time and expertise freely.

Since its launch in 1992, the Darwin initiative has committed £73 million to 644 projects in 149 countries. Nine projects have been in the Galapagos Islands, in

[Huw Irranca-Davies]

places and concerning species that would have been familiar to Darwin himself. One of these projects, on the Mangrove finch, will be starting very shortly.

When the Secretary of State for Environment, Food and Rural Affairs was in Nairobi in February, he announced the main results of the latest funding round: 43 projects across the developing world will receive more than £8 million in the next three years and two of those projects are in our overseas territories.

I am delighted to announce here today the final components of this year's funding. We will fund 25 new scoping award grants to support the development of future Darwin initiative applications. Three of those are in our overseas territories. We are also funding four new fellowship awards to further the development of the most promising projects in developing countries. Together, these grants total more than £135,000.

We estimate that more than 10 per cent. of Darwin projects have directly addressed the issues of livelihood, poverty and sustainable use, which I highlighted earlier. Many more Darwin projects have livelihood approaches as a component. Furthermore, the number of project applications addressing those issues is on the increase, with our active support.

So, I hope that it is clear to hon. Members why the Darwin initiative is so important. Let me illustrate that further with reference to one project, which has been working to conserve Kenya's forests by linking the sustainable production and trade of wood carvings to certified and sustainably managed sources of timber. Local livelihoods and biodiversity in Kenya were both being threatened by the over-exploitation of the coastal forest to provide wood for the country's important carving trade. That trade employs about 60,000 carvers, supports up to 350,000 dependants who rely on those carvers and requires approximately 50,000 trees per annum, which traditionally have been trees from hardwood species.

The Darwin project in Kenya has helped wood carvers to develop products based on farmed wood, helped to build social networks and provided training to support the conservation process. That is just one example of many success stories, so I commend the Darwin initiative to the House.

Beyond Darwin, our international work is focused around the major biodiversity conventions. The current critical issue is to secure a new global biodiversity target post-2010. That might take the form of a new target or of a framework incorporating a series of targets. However, it is important that the momentum generated by the current target is not lost at the end of 2010 and that we redouble our efforts to achieve a halt in biodiversity loss.

Our other five priority areas are domestically focused, and we are making good progress on them all. I shall highlight a few achievements. More than 88 per cent. of sites of special scientific interest are now in favourable or recovering condition compared with 57 per cent. in 2003, and we expect to meet our target of 95 per cent. by the end of 2010. We are working with partners to promote the recovery of priority species and habitats, with integrated approaches that also enhance the ability of biodiversity to adapt to climate change, which is a big issue that is right on our doorstep.

In our countryside, that means reducing the fragmentation of our habitats and more large-scale projects—for example, the Great Fen Project in Cambridgeshire. In our towns and cities, that will mean better green infrastructure, reducing the likelihood of flooding after storms, reducing heat island effects and improving our health.

Biodiversity is suffering because of the climate change that we are causing, but it can also form part of the solution—both for adaptation and mitigation. One significant example of that is peat bogs, which are an important source of carbon. Agri-environment schemes are one of our key policies for meeting biodiversity targets, including those for sites of special scientific interest and for farmland birds. Such schemes are a key contributor to priority habitats, such as hedgerows, arable field margins and hay meadows, and overall they make a significant contribution to conserving our wildlife. More than 50,000 farmers have entered those schemes, which means that more than 6 million hectares—or more than 65 per cent.—of agricultural land in England is under agri-environment management agreements.

We are also taking action to address threats to biodiversity, including on invasive non-native species and crimes against wildlife. I announced our new priority areas on that in February when I spoke at an event at Kew, and—not to forget a vital issue—later next month, DEFRA will launch a campaign to encourage people to volunteer to enhance wildlife and biodiversity in their local area. In October, this year's Darwin lecture will also provide us with a good opportunity further to emphasise the importance of biodiversity.

We are continuing to build the evidence base in this area with a national ecosystems assessment taking place across the UK during 2009-10. That will make a key contribution to improving our understanding of the current and possible future state of the natural environment, and its value to our human well-being and economic prosperity.

It is clear that halting biodiversity loss is a huge challenge, but if we fail, the consequences will be huge. The Darwin initiative is making an enormous contribution to biodiversity conservation abroad and we have made progress in the UK. However, overall, there is still much more to do. Agreement to a post-2010 target should represent a call to arms to redouble our efforts at home and abroad to that end. In this year of celebration of the life and work of Charles Darwin, let us also celebrate the work of the Darwin initiative and reaffirm our commitment to the natural world here in the UK and right across the planet.

2.43 pm

Mr. Richard Benyon (Newbury) (Con): I thank the Minister, or whatever force in his Department or the usual channels was responsible, for instigating the debate. In remembering one of our greatest national figures, this is a good opportunity to celebrate an important year and the initiative that goes under Darwin's name.

As hon. Members will be aware, the Darwin initiative was introduced in 1992—in passing, I should say that that was under a Conservative Government. It is an innovative programme that has allowed us to take some positive steps towards fulfilling the global element of our commitment to the convention on biological diversity.

There is an undeniable link between poverty and the environment: when forests are destroyed and rivers are polluted, the poorest people are usually the worst affected. Funding biodiversity projects in developing countries is therefore key to tackling global environmental issues.

I was interested to hear the Minister's reference to the forests in Kenya, because they are dear to my heart. I spent much of my youth in parts of Kenya and still return there. The Mau forest is a good indicator: I have seen that forest retreat over the years, so that now it is a fraction of its former size. Just over a year ago, during my last visit, I was encouraged to see the work being done in villages at a low level by people who have only the most basic equipment. Those people say that they can use infinitesimally less timber over a year to meet their household needs. It is great that such projects are being supported by the Darwin initiative.

It is a significant accomplishment that, since 1992, the UK has funded some 644 projects in 149 countries through the Darwin initiative. Those projects have tackled a range of important environmental issues through the sharing of UK biodiversity expertise. Our global obligation to biodiversity does not stop at the convention on biological diversity: the UK is committed to more stringent targets, such as the EU strategy for sustainable development and the high-profile millennium development goals to be achieved by 2015.

Despite the good work of projects funded by the Darwin initiative, progress towards the millennium goals has been slow. There are genuine concerns that we will fail to achieve those targets, particularly those to be met by 2010, which is obviously less than a year away. On millennium development goal 7, which is to "ensure environmental sustainability," the UN's 2008 millennium development goals report states:

> "Immediate action is needed to contain rising greenhouse gas emissions…The number of species threatened with extinction is rising rapidly…Fish stocks require improved fisheries management to reduce depletion"

and that

> "marine areas and land conservation need greater attention."

With just less than one year to go until 2010 and seven years to go before we hit the 2015 deadline, serious work needs to be done to ensure that those environmental goals are met.

Although projects such as those funded by the Darwin initiative are having a positive impact on a number of developing countries, there remains a long way to go in tackling the massive changes we face in biodiversity, both globally and nationally. We can ill afford to underestimate the importance of biodiversity. As a species, humans rely fundamentally on the ecosystems that surround us. They provide us with clean air and water, pollinate our crops and provide natural flood protection. Biodiversity supports those ecosystems, and without that environmental infrastructure, life as we know it would collapse. Unfortunately, the world's rainforests are being destroyed at a rate of 2,000 sq m per second—a staggering statistic—which means that nearly half the world's species of plants, animals and micro-organisms will be destroyed or severely threatened over the next quarter century. The notion of collapse is becoming worryingly real.

This is not just a problem for the developing world. As the Minister has said, biodiversity in the UK is under serious threat. It is important to remember that the 2010 target for the convention on biological diversity, as well as the EU strategy for sustainable development, do not just relate to global biodiversity, but commit us to reducing or even halting the rate of biodiversity decline nationally and locally. I am aware that, at the end of last month, we were due to submit our completed fourth national report on the convention. That report should outline UK progress towards the 2010 goals. However, I believe that we missed that deadline—I think the Minister alluded to that. If we have, I would be interested to know when that report will be published.

Regardless of the content of that report, the Government have admitted that the UK's target to halt biodiversity loss by 2010 will be missed. As the Minister said, the most recent results from 18 biodiversity indicators, by which we measure UK biodiversity, speak for themselves. They reveal that numerous species are in decline, and that 56 habitats in England are considered to be under threat. That includes the habitats of well loved animals such as hedgehogs, red squirrels and dormice—not to mention a plethora of smaller animals. The number of farmland birds and seabirds has gone from being classed as having experienced "little or no change" to "deteriorating", and the area of sensitive habitats threatened by acid rain has moved from "improving" to "little or no change", which is worrying.

The consequences of that decline are serious, with six species listed in the biodiversity action plan having been lost from the UK since 1994. The UK alone has lost 100 species in the last century and many more species and habitats are in danger of disappearing. Only yesterday I spoke in a debate in this Chamber on the worrying decline of UK honey bees—we have lost up to a third of our bees in the last year alone. Despite increased Government spending on environmental initiatives, we are facing a continued decline in the number of species and suitable habitats, with the Government missing a massive 386—nine out of 10—of their own sub-targets for biodiversity, which is a great concern.

In my role as shadow Fisheries Minister, I am acutely aware of the decline in UK fish stocks: the number of stocks within safe biological limits has fallen by a third, from 12 to eight, and only 25 per cent. of fish stocks were harvested sustainably and at full reproductive capacity between 2005 and 2007. Marine ecosystems are home to 80 per cent. of the world's species, and although the long-awaited Marine and Coastal Access Bill is now passing through Parliament, we had to wait five years to see it. Some of us feel that it might have been in the House of Lords for all those years, but I am reliably informed that it is soon to emerge from the other place and come to us. I look forward to debating that important legislation with the Minister.

Huw Irranca-Davies: I welcome the hon. Gentleman's comments on the Marine and Coastal Access Bill and look forward to working with him to ensure that it is properly scrutinised and achieves Royal Assent, because it has been a long time coming.

Mr. Benyon: I am grateful for the Minister's comment and assure him that I will co-operate as best I can to get that important legislation on the statute book as early as possible.

As I mentioned earlier, the UN has identified the need for greater attention to be paid to marine conservation and improved management of fisheries. The health of

[Mr. Benyon]

our seas is inextricably linked to our ability to tackle climate change. Our oceans play a key role in regulating the planet's climate: they act as a form of heat reservoir, slowing the rate at which temperatures rise and fall; and ocean currents redistribute heat around the planet and are the main source of water vapour to the atmosphere, determining the patterns of droughts and floods. Most importantly, the ocean acts as a major sink for natural and man-made carbon dioxide. The Marine and Coastal Access Bill gives us a fantastic opportunity to make a real difference to marine biodiversity in the UK and the sustainability of our fisheries, and I know that the Minister agrees that it is an opportunity we simply cannot afford to miss.

The 2012 common fisheries policy reforms also offer us a chance to overhaul the management of fisheries, improve sustainability and tackle the decline in our fish stocks. That means looking hard and fast at important issues, such as the number of juvenile fish we discard and the effect that has on stocks. We need to encourage sustainable fishing and sustainable fishing equipment and we must be bold in our ambitions. I am pleased by the tone of the Commission's new Green Paper on that: it is a good working document from which we could achieve much in the 2012 reforms.

We absolutely must do more on the ground in the UK to reduce the negative impact on biodiversity. While climate change threatens 46 per cent. of habitats in Britain, the loss of set-aside and the effects of development in rural areas have also played a role in the decline of our biodiversity. Rather than setting arbitrary targets that are repeatedly missed, the Government need to address how we build, farm, fish, manage our forests and live so that we might halt the worrying decline in our country's biodiversity.

During yesterday's debate on honey bee health I gave the example, which I often mention, of the Berkshire downs, which I have the luck to represent. It is a hauntingly beautiful landscape, even though it is now used almost entirely by only one form of agriculture. When I was a child, and even until quite recently, it was a mixed farming environment. The loss of mixed farming in areas such as the central south of England has had a huge effect on migrating birds and a range of different activities. That is why we talked about it yesterday in relation to the loss of important pollinators, which have to travel much further to find pollen because our farming has changed. We must recognise what we have done to our countryside and incentivise land managers and others to develop farming and land use systems that reflect the needs of the whole population.

We should all keep our minds open to new opportunities that arise for supporting greater biodiversity. As my right hon. Friend the Member for Witney (Mr. Cameron) said recently:

"In the same way in which we are now recognising the importance of putting a price on carbon, society needs to recognise the significance of attributing a value to biodiversity."

Other parts of the world are well ahead of Britain in developing the concept of conservation credits as a way of counterbalancing development. That has the potential to unlock a market-funded mechanism for new biodiversity projects at local, regional or even national level. If we get that right, it would present an exciting opportunity to reverse the recent decline in biodiversity.

While acknowledging the success of the Darwin initiative and what it has done in setting up projects abroad, we must ensure that our language on this whole issue—I am using my words carefully—does not verge on the patronising. The success of the Darwin initiative is that it has supported projects abroad. Many of them are in our own territories, but many are not. That form of support and funding for small projects can have enormous benefit and is a wonderful thing, but we also need to sort out our problems at home. We have serious biodiversity problems in the UK, and the damage done by failing to tackle those problems in an effective and timely manner will far outweigh any good we can achieve abroad.

I finish by quoting Tony Blair, who said:

"Much achieved; much more to do."

I am not sure that I agree with him on what he said that about, but if he was talking about the Darwin initiative, I fully agree.

2.58 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): In the 200th anniversary year of the birth of one of our greatest scientists, writers and seers, it is appropriate that we should not only appreciate and understand Charles Darwin's unsurpassed contribution to many of the areas that we are talking about, but talk about the initiative that bears his name and has been one of the entirely unheralded successes of this country and of DEFRA over the past 16 years.

In "On the Origin of Species" Charles Darwin was very clear about what he regarded as the inevitability of advanced societies, with technology, resources and the ability to travel, occupying the lands of less advanced societies, driving them out and eventually exterminating their livelihoods and actual existence. One of the caveats he put on that idea was the extent to which human intelligence and understanding might reverse that inevitability. The Darwin initiative is, in many ways, following in the footsteps of that perception and understanding.

The initiative takes funding and projects that are not large in funding terms, but may be large in effect and influence to countries that, as my hon. Friend the Minister said, are biodiversity rich but resource poor. In its life, the initiative has covered almost 650 projects in almost 150 countries, so it really is a worldwide initiative. Understanding of the importance of biodiversity is often absent, but biodiversity, like climate change, does not stop at national borders: we are all poorer for the loss of biodiversity and we are all richer by its maintenance and enhancement. The true global scope of the Darwin initiative underlines that understanding of the emergency in terms of ensuring that biodiversity across the world is maintained.

Biodiversity is not just about preserving species, although it is often discussed in those terms. An interesting observation is that, including those species that we have identified so that we can put them on the endangered list, we as a human race have identified some 1.75 million species, yet it is generally reckoned that across the world there are some 13 million species, although that may be a substantially conservative estimate. It is possible that, every day, we exterminate a number of species that we will never, ever know about because we have not discovered them yet, and so have not even decided whether they

should be protected, placed on the endangered list, or made the subject of other measures that are used in relation to known species.

We have already heard about the dangers of species extermination, which continues throughout the world. Species are exterminated because we are consuming for our own purposes the environments that support biodiversity—the forests, wetlands, bogs, reefs and coastal areas. Supporting biodiversity is not just about maintaining a few remnants of species in zoos so we can look at them there; it is about maintaining the habitat and environment where those species can flourish. When those habitats are maintained, as Darwin observed, we cannot simply shut them off from the human world. We have to ensure, as far as we can, that those environments exist sustainably with the humans that live in and around them, and that the net result of the human occupation of those areas enhances their biodiversity and does not crush it.

It is good that the Darwin initiative has been concentrating on projects with partners to develop sustainable conservative networks that work with the indigenous people in many parts of the world, as opposed to working against them, to maintain enhanced biodiversity in those areas. A little while ago I plucked out the following example of a Darwin initiative programme: a sustainable conservation network for primates in Ecuador to protect and preserve the habitat of the critically endangered brown-headed spider monkey, which has been attacked particularly—again, as Darwin predicted—by development and resource exploitation. The project was all about developing a comprehensive strategy for the protection of that monkey, for example, through habitat monitoring and development, and by working for the sustainable livelihoods of local communities within those habitats. Local people in those areas are now fully active as para-biologists: they are leading habitat surveys and training others to do the same, and they are monitoring and reporting on the spider monkey. The spider monkey has become part of their society and is not something to be placed on the margins. That is exactly the right route for the funding, some £73 million of which has so far been allocated through the Darwin initiative. The funding allocation this year is £7 million.

The Darwin initiative was set in train after the Earth summit, alongside the signing of the biodiversity convention, which talks about how humans can live sustainably in their world with the species and habitats that exist together with them. The biodiversity convention and the Darwin initiative have developed hand in hand. In 2007, the Darwin initiative was extended to cover the convention on international trade in endangered species and the convention on migratory species, particularly in respect of ocean-going birds, which are not really the property or the concern of any one country but which have international significance that the convention underpins.

The Darwin initiative is a credit to the UK and, although it never gets a headline in the newspapers and is never the subject of heated debate in the main Chamber, it is nevertheless essential. It is a credit to the UK that the programme has been sustained and maintained over its 16 years of life. It also underlines what we have heard about, and will hear about, what we are doing closer to home to promote biodiversity.

It is important that in the upcoming Marine and Coastal Access Bill we ensure that marine conservation zones off our coasts are properly designed in law, properly established and properly resourced for their maintenance and development. Just as I have emphasised that it is necessary to world biodiversity for the natural environment to exist sustainably alongside its human occupants, it is important that those marine conservation zones be carefully considered. Thought should be given to how the sea bed and the underwater environment can be maintained and sustained, and perhaps extended, in relation to human activities on and above the surface. That means looking at other imperatives, such as the development of offshore energy and how shipping should operate within those zones. We should examine whether there are circumstances in which some of those zones can—for example, by the establishment of what are effectively marine reefs—enhance the marine life in those areas, which will be protected from fishing and exploitation, dredging and other activities that have often been a scourge of our coast and have impoverished the marine diversity at our own back door.

Finally, in commending the Darwin initiative, I want to raise three issues. So far, the money has—almost uniquely in what might be seen as a Government programme—been unquestionably well spent: it has been tightly and carefully spent in a well organised way. However, the initiative is always oversubscribed and it is now extending its scope to take in other key issues that go hand in hand with the convention on biological diversity. It will come as no great surprise, therefore, when I say that one of the best memorials that we could have to one of the greatest British scientists and, indeed, British men of the past 500 years—incidentally, Charles Darwin had a rather poor view of our other greatest British person, saying that he had attempted to read some of his plays, but found them unutterably dull and had not continued—would be to secure, increase and enhance the funding for the Darwin initiative over the next 16 years. In that way, the initiative's work will be able to occupy a wider canvas and ensure that Britain makes a contribution of lasting and sustainable significance to world biodiversity action.

3.11 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): It is a pleasure and a privilege to follow the hon. Member for Southampton, Test (Dr. Whitehead), who has a long record of interest, expertise and campaigning on these issues. As he has said, these issues are not often in the mainstream of parliamentary debate, and it is good that they are being debated today, especially as no other debate of such interest or significance is taking place at the moment—everyone will be watching. When we look back at the record, we will see that the House has been debating some serious long-term issues relating to how we preserve the environment.

I am not one of my party's Front-Bench environmental spokespeople, and I am substituting somewhat belatedly for colleagues who are—I speak on science. I want to take this opportunity to praise the work, intentions and operation of the Darwin initiative. The initiative is sponsored by DEFRA, which has a big and often controversial science budget. I want to ask a few questions about the science of some of the issues that we are discussing to bring a slightly different perspective.

[Dr. Evan Harris]

Having said that, I do not disagree with anything that the Minister or the hon. Member for Newbury (Mr. Benyon) have said. The hon. Member for Newbury has a particularly beautiful constituency, and I am sure that the Minister's constituency of Ogmore is just as beautiful in its own way—even if it does not have huge amounts of biodiversity, it certainly has a great deal of diversity. In every hon. Member's constituency, there are important species that need protecting—animal species, rather than species of voters, that is.

In the last Parliament, I served on the then Select Committee on Science and Technology inquiry into the use of science and research in developmental aid in the developing world, which briefly covered some of the issues that come under the Darwin initiative, although my visit to Malawi concentrated on the use of science and technology in fighting the scourge of human infectious diseases. I want to probe the Minister in general terms later about a couple of the issues raised by the Committee's report. However, I do not intend to repeat the toll of species that are under threat around the world, because hon. Members have already set out the figures.

Given that we are talking about the Darwin initiative, it is important to reiterate the significance of Darwin. This is the 150th anniversary of the publication of "On the Origin of Species", and Darwin's work is important in many ways. Evolution is the truth—it is the explanation for the diversity of life on earth. It is called a theory, but a theory is something that has been subject to experiment and that evidence has supported; the theory of evolution is not a theory in the sense that it has not been proven, but that is often misunderstood. In his theory of evolution, Darwin undermined the established view, which it was brave to do. The theory is a symbol of the importance of independent scientific inquiry. If also reflects the way in which he worked—the fastidiousness of his scientific method, which involved collecting evidence to test and retest a proposition.

It is important to note that some people have argued—foolishly and sometimes not in all seriousness—that the loss of biodiversity is what evolution is about. They say, "Species die out. That's evolution—survival of the fittest." However, that is not what we are talking about. Evolution works through natural selection, but what we are seeing in the loss of species is unnatural selection. We are seeing not natural competition, but man-made competition, which is caused among other things by man's importation of invasive, non-indigenous species. When Darwin talks about evolution and changes, with some species dying out or turning into other species, he is talking about something that happens over eons rather than over the microscopically short time scales that we see today as a result of the man-made problems facing the natural world.

I am pleased that research is a component of the Darwin initiative and that research projects receive funding. I hope that all the projects that are funded—this is public funding—include an operational research component that allows them to be properly evaluated. I also hope that any formal research that is funded is published, whether or not it gives the answer that people want, and even if it gives a negative result. Will the Minister let us know—if not now, later—whether a condition for receiving funding is that formal research is published in a peer-reviewed journal? Will he tell us whether the evaluation—whether it is mere evaluation or formal operational research looking at whether what has been done works, so that we know what to fund more of and what not to fund—is published in a way that benefits Parliament and those involved in deciding what to fund?

The Darwin initiative is based on the UK's expertise in academia and on non-governmental organisations' core of expertise and energy. Darwin initiative funding does not fund everything, unlike some Department for International Development funding, so NGOs have to fundraise and work hard both to find collaborators to do the work and to keep the issues on the agenda. As we speak, we face the possibility of the loss of human life on a huge scale, if the worst fears about pandemic flu are realised. Although the chronic loss of human life to infectious disease will always be with us, it is nevertheless important that the issues that we are discussing are kept on the agenda.

It is important to recognise that international collaboration is needed to preserve biodiversity, and I was pleased that the Conservative spokesman, the hon. Member for Newbury, talked about the need for the proper international control of fish stocks, which requires common policies. In the EU, that means an EU common fisheries policy. We can argue about whether such a policy is the right one from an environmental point of view and a British point of view, although it is important that we do not become so nationalistic and interested in Britain's national interest that we lose sight of the main issue. However, I hope that it will become increasingly obvious to those who are sceptical about European co-operation that we must work internationally on certain issues, because marine life does not respect boundaries. We would do that best by getting stuck into negotiations, rather than by complaining from the outside.

We must also recognise that the impact of climate change makes the sort of projects funded by the Darwin initiative programme even more critical. Accelerating climate change is a huge threat to biodiversity because of two impacts, one direct and one indirect: first, there is change in habitat by desertification; and, secondly, there is the requirement to convert more land to farmland to meet food security needs, which, in turn, are affected by climate change and other factors. This country must come up with a strategy, with our international partners, to tackle those impacts. The challenge for all parties, including Opposition parties, is to think about the role that new technology in agriculture can play, and how to get a balance between using new technology in agriculture, including genetic modification, which should not be treated as a "burn the witch" issue, and recognising that there can be a threat to biodiversity from introducing such new biological entities. However, the instinctive knee-jerk complaint against genetically modified entities is not justified, given that new strains created by conventional breeding programmes must also, I believe, be tested and carefully researched for their impact on biodiversity when they are introduced.

We must increase yields in agriculture. That will mean new technologies, or, if we do not increase yields, it will mean ploughing over—in the metaphorical sense—more land that is natural habitat, to cultivate it. Parliament must recognise that. My party has always been sceptical about genetic modification. I think—I say this from the

Front Bench—that there is debate about whether we should change our approach on that, keeping it precautionary but not necessarily being so hostile, and recognising that there is a real requirement to think about the matter. However, we must not lose sight of the potential dangers, and we must be fair to the developing world. We cannot recognise that it is short of the food that it needs and offer it technology, but then say that we will never import produce that comes from that technology, because the countries in question will not accept the technology if they feel that it will damage their export markets.

I have a few questions for the Minister about the Darwin initiative. One is about the performance of recipient countries, or rather the projects in those countries and the extent to which the projects appear not to be working, because there is a failure to meet targets. Is that a factor in deciding whether to put in more funding, until the policy or priorities of the Governments in question are changed? Secondly, I refer to recommendations in the Environmental Audit Committee's 2008 report entitled "Halting biodiversity loss". To what extent have the Government accepted and implemented all the recommendations in that report, such as adopting what the Committee described as

"a truly joined-up approach to environmental protection"

in the UK overseas territories and Crown dependencies,

"by bringing together all relevant departments including the FCO…DfID, Defra…and the governments of the UKOTs"?

I also wonder whether the Government are making

"better use of the Inter-Departmental Group on biodiversity to provide more oversight and support for the development and implementation of effective environmental protection policy in the UKOTs,"

and are expanding the group

"to include other relevant departments".

The Minister will be aware of several other recommendations from that report.

I want to know what evaluation the Government have made of the extent to which the Darwin initiative contributes to the work being done to agree new biodiversity targets post-2010. Can we, in our negotiations and work on that, point to the outcomes of Darwin initiative projects and say that they show the way forward?

I recognise the budgetary commitment by the Government to the funding of biodiversity projects. Parliamentary answers reveal, at least at first sight, significantly increased expenditure on those matters. However, I have a couple of questions about DEFRA funding in this area, arising from the recent Budget. Can we be reassured about one line that appears in it, although I accept that it is late in the day? Under savings, in DEFRA—this is particularly relevant in the light of swine flu—£44 million is apparently to be cut from animal disease surveillance, through

"a more risk-based approach to monitoring and enforcement"

whatever that means, and, to complete the sentence, because it is only right, "sharing costs with industry". So if industry does not play ball and we raise the threshold of the risk that is required to justify funding, there is a danger that we will lose control of diseases that threaten biodiversity as well as having implications for human health.

Reference has been made to bees. There have been two recent Westminster Hall debates on bees, and both have been well attended, because it is a big issue. I could not attend the most recent debate, but I do not think any mention was made of how, often, things that Prime Ministers say on such issues come back to haunt them. My hon. Friend the Member for Twickenham (Dr. Cable)—indeed, the sainted Member for Twickenham—wrote in a newspaper article on 2 June that when he first threw his

"modest weight behind the bee four years ago",

he was attacked by the then Prime Minister and later by the then Chancellor, who is now Prime Minister. I fished out what Tony Blair said about the matter on 23 November 2004. He began:

"The truth is that the policies of the Opposition parties…Since they want a bit more, I will give them a bit more"—

he was having a go—then he said:

"On one of my occasional forays into Lib-Dem spending commitments, I have come across the best one yet. It is about bee keeping. The Lib Dem shadow Chancellor, the hon. Member for Twickenham (Dr. Cable), says:

'Benefits from bees' natural pollination activities are enormous, worth billions of pounds. There is however negligible research into damaging diseases and I have pressed the Ministry of Agriculture"—

as it then was—

"for a bigger research commitment.'"

Mr. Blair then said:

"I hope that the Chancellor is taking note. I had not realised that there were votes in bee keeping, but if the Liberal Democrats think there are, there probably are." —[*Official Report*, 23 November 2004; Vol. 428, c. 26.]

The Government now recognise the threat to the bee population, which they did not at the time those joking remarks were made. That is another example of the foresight of my hon. Friend the Member for Twickenham, to whom I now go for advice when placing bets on horse races.

It is a real problem that we are not, in this developed country, going to meet our own target on biodiversity, despite the efforts that are made by those in government and, indeed, in industry. Although we are right to congratulate the Government and, indeed, previous Governments, on the Darwin initiative, we must recognise that we have not set the best example in our own back garden and domestic environment, which is a challenge for all parliamentarians in the future.

3.28 pm

Mr. Elliot Morley (Scunthorpe) (Lab): It is a pleasure to take part in this debate on the Government's involvement in the Darwin initiative and its great success. I should put it on the record that I am a trustee of the Born Free Foundation and a vice-president of the British Trust for Ornithology.

I have a lifelong interest in biodiversity. When I had the opportunity, through serving as a Minister in the Ministry of Agriculture, Fisheries and Food and in the Department for Environment, Food and Rural Affairs, to take responsibility for the Darwin initiative, that was a tremendous pleasure and privilege. I was also privileged to be involved in the appointment of David Macdonald as chairman of the Darwin initiative. He has done an excellent job, along with his advisory board.

I agree with some of the points made by my hon. Friend the Member for Southampton, Test (Dr. Whitehead) about the Darwin scheme. It was set up by the previous

[Mr. Elliot Morley]

Government, who deserve credit for that—I do not want to be churlish. Its budget was tiny, and has been trebled since this Government have been in power, but it is still not gigantic. I know the difficulties of budgeting in Departments, and that it is often an achievement to maintain budgets during the periodic reviews of priorities and spending that Ministers must go through. I think the initiative is fantastic value for money.

A £7 million scheme that has financed projects in 149 countries is a tremendous benefit to this country and to the partnership of our scientific institutions and non-governmental organisations with local communities, scientists and organisations in those 149 countries. I was involved in setting up fellowships, which have been a great success in continuing the research on biodiversity in a range of countries by some of the brightest and best people. I had the great privilege of visiting some of the Darwin schemes abroad, and I particularly liked not just the science, conservation and biodiversity, but work on human-animal conflict in Kenya. There is serious conflict with large carnivores and other animals. Some of that conflict is the result of poor land use planning. If people are allowed to plant farms on elephants' migratory routes, it is not surprising if the elephants eat the crops.

I saw some of the work that has been done to find cheap and effective ways of separating elephants and other animals. Electric fences have been tried, and can be effective, but they are not an option for the average peasant farmer. Elephants may find their way round them by dropping logs on the fences or lifting them up with their tusks. If all else fails, the matriarch may shove the youngest elephant into the fence to short-circuit it so that they can all pass through. It is not always a deterrent.

It was found that elephants do not like chillies, and that chilli paste could be used to keep elephants out of a crop, which is simple and cost-effective. It is even simpler for the farmer to grow a crop of chillies because the elephants would not go near it, and the farmer could sell the chillies at market and buy maize, which the elephants would otherwise have eaten. I met many villagers who were involved in that great community project, and saw their enthusiasm for it and how it tried to deal with the conflicts arising from population expansion and land use policy—they are issues in themselves—as well as how to approach the problem pragmatically and rationally.

I also had the opportunity of seeing work in Mexico to conserve the axolotl, which is a special animal. Work is being done not only to conserve it in its own habitat, but with the local community, which is making souvenirs and gifts, and using the axolotl to attract tourists, who bring in income. The work of the Darwin initiative is combined with the three strands of sustainability: the social benefit for local people involved in the projects, the economic benefit of bringing money into the community, and the environmental benefit. It is a fantastic scheme.

I was pleased to hear what the Minister said about directing Darwin resources to overseas territories. We sometimes forget how rich those territories are in species and their worldwide importance. They have a high percentage of endemic species, but little money is directed to their conservation, management and science. I pay tribute to the United Kingdom Overseas Territories Conservation Forum. I have had the privilege of seeing some of its presentations and its work, much of which is voluntary.

Some of the support that DEFRA has given through the Darwin initiative to our overseas territories is invaluable. The amount is tiny, and more is needed, but this is the sort of project that may attract other partners and lever in more resources, and certainly involves communities in those overseas territories. Those territories are important, and I welcome such projects.

I was interested to hear what my hon. Friend the Member for Southampton, Test and the hon. Member for Newbury (Mr. Benyon) said about the value of biodiversity. I was intrigued to hear about the work of TEEB—the economics of ecosystems and biodiversity. It is good that at long last an attempt is being made to put a value on our natural capital, although I must tell the hon. Member for Newbury that I am not sure whether many countries are ahead of the UK.

The UK is only just beginning its involvement in this regard, but little thought is being given to the concept of natural capital. That concept is not being applied or valued as it should be, and it could be argued that the most advanced work is being done to try to put a value on forests as part of the Kyoto protocol and in the run-up to Copenhagen. Avoided deforestation can have a value, because deforestation accounts for 20 per cent. of global emissions and we must get a handle on that.

I support the concept of forest ecosystems having a value and being incorporated into international agreements, although the details need to be worked out carefully. We must not consider deforestation in isolation, and any formula must include restoration, protection of watersheds, and the use of forests for communities—there is a social element—and to prevent soil erosion. The range of benefits is wide, and we must work with those.

I am president of GLOBE International—the Global Legislators Organisation for a Balanced Environment. It has just set up the Commission on Land Use Change and Ecosystems, which is chaired by Mr. Ian Johnson, a distinguished former World Bank vice-president for environmentally and socially sustainable development, who is well known in Government circles, and by my hon. Friend the Member for Brent, North (Barry Gardiner), who also has a long interest in biodiversity.

The commission's purpose is to focus on the value of natural capital, how to incorporate it into our economic systems, and how to value it as well as protect it. That is taking place in the lead-up to the convention on biological diversity meeting in Japan next year. Our Japanese members are hugely enthusiastic about the CBD, and their work is impressive. I hope that, with Japanese legislators on the commission, we can feed through to the CBD some ideas on how to take the concept of natural capital forward.

Coincidentally, I attended a conference yesterday on natural capital organised by the Institute of Biology, the Centre for Ecology and Hydrology, the Science Council and the British Ecological Society. The range of speakers was excellent and included DEFRA's excellent chief scientist. I took a lot of encouragement from such serious consideration of how to value our biodiversity as part of the strands of sustainable development.

I have seen that locally. My hon. Friend the Minister has responsibility for managed realignment, and the largest scheme in Europe is on the edge of my constituency at Alkborough Flats, which was a large, low-lying area of farmland that has been turned into a managed retreat scheme, to provide a safety valve on the River Trent for flood defence and a range of other benefits. It provides some conservation compensation for the loss of some of the work on the Immingham ports and in relation to the port extension. There is some habitat compensation there as well.

The scheme also adds to a chain of major reed beds and sites of special scientific interest along the Humber bank, which have huge conservation value. It receives some finance from Yorkshire Forward, the regional development agency, and, quite rightly and progressively, it saw that putting money into biodiversity—developing it, marketing it and making people aware of the enormous range, breadth and depth of the biodiversity in this country—has an economic benefit.

I can speak from experience because I have been doing a wader and wetland count on Alkborough Flats for about 20 years. It is the kind of place where in the past one would not see a soul, but now, when I go down on a Sunday, there are families, people walking their dogs and people coming to birdwatch, because the local council has provided hides. A café has opened in the village, which is benefiting from the visitors who come to the site to see the birds and biodiversity. Again, there is the social, economic and conservation value. In this case, there is also the value of flood protection. It is a wonderful scheme, and one or two other examples around the country can also show that value.

I am pleased about the work being done by DEFRA on water protection and forestry in particular. The idea has been introduced that the purchasing policy should be based on legal and sustainable forestry. That is very important and the Government giving a lead makes a huge difference.

There are efforts to influence Europe as well. Europe has come a long way on the issue, although it needs to do much more on the measures that it has put in place. Nevertheless, what is being done is valuable because if we can control the end-user market—much of the timber comes to countries such as our own—that helps to stop illegal and unsustainable logging operations in the countries of origin.

We have a big role to play in that as a country and as consumers, or users. We must ensure that we play that role effectively and we must work with other countries to ensure that they do, too. That includes China. Interestingly, it has imposed a stop in relation to its own forestry because of problems with river valleys flooding and soil erosion, but it is now buying forest products from abroad, which in some cases is fuelling illegal activities in those countries. We must have a sensible international approach to the issue.

I am pleased about the mention of CITES. I have a great deal of respect for that organisation and attended meetings of it on the UK's behalf. I would like the Minister to give some thought to CITES in relation to the agreement on the sale of ivory stockpiles. He will have seen the report in *The Independent* that suggests that elephant poaching is on the rise again. I have tabled parliamentary questions to try to see just what information there is, but I ask my hon. Friend to keep a close eye on the issue, because it would be a terrible shame, after seeing elephant populations recover in most of Africa, to see people slip back into ivory poaching. I know that he shares my concern.

I welcome what has been done on biodiversity in this country. It was a great breakthrough when we included farmland birds as an indicator, because they provide a very good indicator in relation to sustainable farming practice and a useful quality-of-life indicator. I was pleased that the European Union adopted it, although I have to say that when it was first suggested, some member states thought that using birds as an indicator was an eccentric British idea. I am pleased that the robust science of using biological indicators has been accepted.

I welcome the work taking place on the Marine and Coastal Access Bill. There are problems with the state of our seas, and unsustainable fishing is still taking place in Europe as it is internationally. We also have the problem that the sea is absorbing very large quantities of carbon dioxide, which is making it acidic. The long-term consequences of that are unforeseen at the moment. We do not quite know what they will be, apart from the fact that the sea becoming acidic is bad news for creatures with some kind of calcium skeleton. The impact could be catastrophic.

I hope that the marine conservation zones are extended; that is a great concept. We do not have many such zones in this country, although I was privileged to introduce the protection for the Darwin mounds, which is appropriate this year. That is an example of cold-water corals off the west coast of Scotland. It was one of the first protected zones in the EU and we had to secure EU support for that.

I welcome the work done on albatrosses through the agreement on the conservation of albatrosses and petrels. There appears to have been a huge improvement in the south Atlantic. I am referring to the work done through the Commission for the Conservation of Antarctic Marine Living Resources, the regional fisheries organisation, to monitor the steps that have been taken, which British scientists have been involved with, to try to minimise the by-catch in relation to longlines. However, I still find it incredible that people do not have to join a regional fisheries organisation and that vessels still operate in the south Atlantic and in the CCAMLR region that are not members of CCAMLR. If regional fisheries are to be managed, membership should be compulsory through UN agreements. I hope that the Minister will consider that.

I still have concerns about the very dangerous and unnecessary exploitation of marine resources through practices such as whaling. What on earth the outgoing Icelandic Government were doing in allocating a quota for fin whales, I do not know. There is no market for a quota such as that. I hope that the new Icelandic Government take a different view and that the Minister can put pressure on them in that respect.

The value of biodiversity should be seen as the value of natural capital. I shall explain what worries me. Although we have had a crash in financial capital in this country and elsewhere, all the world can come together to pledge fiscal stimuli, which is great, but if we have a crash in natural capital, there are no resources of forests, seas and water hidden away in the vaults of banks around the world. Once it is gone, it is gone. That is why

[Mr. Elliot Morley]

protecting our natural capital is so important and why the Darwin initiative has played such an important and valuable role by emphasising the value of natural capital, providing good-quality science and working with committed people all around the world to provide resources that they otherwise would not have. I know that very well.

I extend my congratulations to Kew Gardens, which also falls under the Minister's responsibility. I am thinking of the work done there on projects such as the millennium seed bank. That is not only terribly important for future conservation, but a resource that is available to every country in the world that wants to make use of it. It is a wonderful facility and a wonderful example of what can be done.

I agree with the hon. Member for Oxford, West and Abingdon (Dr. Harris) that we should not forget the overall impact on biodiversity of things such as climate change. That is bringing about a change in species patterns and in such things as the migration patterns of birds. There is the risk of a huge acceleration in the extinction of species globally. We need to work very hard to ensure that we bring about stabilisation of global temperatures. I know that the Government are doing that and giving an international lead in the run-up to Copenhagen. I hope that that continues.

We should flag up more often the issue of population. It should not be taken as read that the world's population will increase from the current 6 billion to 9 billion. The consequences of that will be devastating. I had the privilege of seeing the conservation project whereby the Philippine eagle—it is one of the monkey-eating eagle species and a huge bird—has been brought back from the verge of extinction. However, the scientists whom I talked to were doubtful that they could ever release it back into the wild, because its habitat has been completely degraded by population growth and people moving into it. I was appalled by that.

We need to put a great deal more emphasis on sustainable development. That includes population, economics and climate change. We should not underestimate the value of biodiversity.

Dr. Evan Harris: I want to endorse what the right hon. Gentleman says about the importance of population control in ethical, not compulsory, ways. Does he agree that we must recognise that it is hard to be in favour of international development and environmental sustainability while at the same time being opposed to giving women access to control over reproduction and education?

Mr. Morley: I absolutely agree. This is about access not only to contraception, but to education. As we know, the more educated a population is, the more sustainable it becomes. This is about not compulsion, but sustainable development.

Issues such as overseas development budgets should be co-ordinated with work done on biodiversity and climate change. Protecting forests is good for people who live in such communities. Clean, healthy, aquatic ecosystems are good for people who rely on them for fisheries, water or farming. What is good for biodiversity is good for people. That is the great value of the Darwin initiative, its international support for quality science, the alliances forged and the partnerships encouraged. It is something that the Government and DEFRA can be rightly proud of.

3.51 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to follow my right hon. Friend the Member for Scunthorpe (Mr. Morley). To put it simply, he has forgotten more about biodiversity than I will ever know.

I shall be circumspect, as I do not want to extend the debate unduly. It is wonderful to be in Westminster Hall rather than the main Chamber—some of us know where our priorities lie. It is also a good thing to be away from swine flu—perhaps hon. Members can hear that I have caught something else, which I why I am sitting separately. Swine flu is a matter for another day, and we must examine carefully its implications for our world and some of the interconnections involved. We cannot talk about biodiversity without considering some of the things that are happening at the moment.

I welcome the debate and I am here to be educated. As hon. Members know, I have a long-standing interest in DEFRA. The Darwin initiative is one of its best kept secrets. Some hon. Members might have looked at the debate scheduled for this Thursday afternoon and wondered, "What is all that about?" If nothing else, they might be able to read *Hansard* and be educated. The educative process is important, and this subject links to work done by the Department for International Development. The Government have a good reputation for the international aspects of the work that they do, and too often we are not able to explore that in this place. Sadly, they do not get anything like the reward they deserve in the media and other channels.

To begin with, I will go gently on the hon. Member for Oxford, West and Abingdon (Dr. Harris), as we might have slightly different views on Darwin, evolution and creationism—although I am not a creationist by belief. It is important that we pay due regard to one of our greatest scientists, whose name has outlived his reputation and the controversy he caused during his lifetime. Everybody has a view on Darwin; he was probably the world's first celebrity scientist and his views will for ever cause controversy.

The Darwin initiative is important as it brings us together and makes the world a smaller place. I congratulate the Minister on all that the Government do through such projects. It might be a good idea for an annual report to be produced, even if it was only given to the Select Committee. The initiative needs to be given some prominence; otherwise, like other such matters, it will disappear into the minutiae of parliamentary reporting.

I come at this from a fairly jaundiced position. I have not done a lot of travelling—certainly not until I took this job. Kenya has been mentioned on a number of occasions, but the first time I went there, I was genuinely shocked at the lack of wildlife in the part I visited. If anybody wants a clear demonstration of the effects of conflict and climate change, it can be seen in parts of Kenya, even if that country is not necessarily one of the countries in Africa that have seen the greatest changes due to those two dreadful events. We tried to find some elephants, but the nearest we got to that was elephant excrement. There were no elephants to be seen, and neither were there many other animals because people

had eaten them. As my right hon. Friend the Member for Scunthorpe said, that is one of the ways in which population impacts on the biodiversity of our planet.

I specialise in the Sudan, where, sadly, the conflict in Darfur carries on regardless of all the other things going on in the world. People were shocked to hear some in Darfur let it be known that they put a higher value on their donkeys than on their children. In the west that was seen to be entirely reprehensible, but without donkeys, people cannot collect firewood and that means that there is no future for humanity in that place, notwithstanding the conflict that is going on. To me, that demonstrates the interdependency of wildlife, livestock and humankind. Although we in the west may have certain views on how we would protect the human species, people in places such as Darfur do not see any future without livestock. We must always be aware of that when dealing with conflicts. I will not ask the Minister to come up with a policy or a project on that, but I have no doubt that either DEFRA or DFID will be asked for such assistance. When dealing with conflict resolution, we must ensure that we are able to have an impact in areas where livestock, or indeed the wider biosphere, has been devastated.

The reference to the Marine and Coastal Access Bill is welcome. That is a very good Bill; it is long overdue, but that does not mean that we should not celebrate it and get it through Parliament as quickly as possible.

I have a couple of questions that the Minister might be able to answer. They are on a subject that has not been raised, although we spent time on it some years ago. Although its importance has not lessened, the environmental liability directive seems to have disappeared off the radar: it would be interesting to know where it has gone. It may be a peculiarly covert EU operation, but the directive is important as it lays down responsibility in our part of the world for those who plant and, dare I say, abuse the planting of various species.

The hon. Member for Oxford, West and Abingdon spoke about the GM debate, which I will not go into—we all have our views on that. However, there are important ramifications for planting regimes, possible repercussions when things go wrong, and who bears liability for such matters. I presume that whatever we do in the EU will be taken forward as a policy into the wider world. Given the debate on GM acceptability, we must know where we stand, so I ask the Minister for an update on that.

CITES has been mentioned. A number of us tried to persuade the Environment, Food and Rural Affairs Committee to look at that. I know that my hon. Friend the Member for Brighton, Pavilion (David Lepper) is very keen for us to consider the matter. One problem is that we are already so busy dealing with events and everyday work that some of the more important global and strategic issues that have a bearing on CITES pass us by. It would be good to know how such issues can be brought into the light in Parliament, lest otherwise they disappear. Yesterday, I was present at the start of the debate on bees, which is a subject that is now receiving some useful attention. We can see how the plight of bees can spiral into a number of other issues, including pesticides and the way in which we consider landscape and territorial changes and climate change.

Like other hon. Members, I pay due regard to our own scientific prominence. Kew has been mentioned, but we also have the Royal Botanic gardens in Edinburgh. I also praise DEFRA. In the debate on swine flu in the Chamber yesterday, I mentioned the need to link the veterinary laboratories at Weybridge and the Institute for Animal Health at Pirbright, which is, if not the best, then one of the best centres for vaccination research. We also have Rothamsted Research, which specialises in plant technology; although it is an independent research establishment, it heavily relies on DEFRA funding. It is important that we understand that, although we are discussing a specific initiative—the Darwin initiative—it can only operate in the context of some of the other things that we are doing. The institutions I mention are vital because they are pushing forward the boundaries of knowledge.

At the moment, the Environment, Food and Rural Affairs Committee is undertaking research into food security. We received some fairly frightening evidence from Rothamsted Research on the degree to which the movement of population will require north-west Europe to go back to being a major agricultural producer—or at least much more so than it is at the moment. I am talking about not just self-sufficiency within the United Kingdom, but growing enough and keeping enough animals so that we can begin to support other parts of the world that are affected by climate change. That is an area of some conflict and one on which we may not have touched. We could go down all sorts of avenues, including the conflict over red and grey squirrels, bovine TB, which I am rather obsessed with, and the controversial question of set-aside. We have not yet resolved the degree to which we are prepared to protect our landscape. We could be asked to grow more crops and keep more animals.

In conclusion, I pay due regard to those involved in the protection of the great apes. My constituent Ian Redmond, who has been appearing on all sorts of television programmes, was behind the Forests Now initiative—a good initiative that aims to get the world to understand that it cannot afford to lose any more rain forest. In particular, it focuses on the great apes and gorillas. I have great respect for people involved in such projects, because their work, more than anything else, has brought home to us how biodiversity matters in all our lives and how, in those wonderful species, we can see our future as well as our past. I hope that that is an area in which the Darwin initiative can get involved because otherwise we will miss an opportunity to make it something that has more traction in the lives of ordinary people. We must use this educative process to go out and persuade people that this is an area in which they should invest. Moreover, we as a country must persuade other countries to do likewise.

4.5 pm

Huw Irranca-Davies: With the leave of the House, I am delighted to respond to this excellent debate. I know we often say that, but the passion, expertise and insight of the various contributions show not only the success of the Darwin initiative itself, but how it stretches across so many areas. The initiative pulls together the three areas of the triangle of sustainability—the social, the environmental and the economic. If we get it right, we can do great things; if we fail, the impact is unimaginable. We need to continue in that direction of travel. I am grateful to all hon. Members for their contributions today.

[Huw Irranca-Davies]

The Government remain fully committed to tackling, both nationally and internationally, the issues of biodiversity. Let me begin by responding to the points made by the hon. Member for Newbury (Mr. Benyon). I am not being condescending when I say that he made a very good and thoughtful speech. I welcome his observations on the work that he saw being done in Kenya, which other hon. Members mentioned as well, and his commitment to biodiversity in the UK and globally.

Critical issues lie ahead. My hon. Friend the Member for Stroud (Mr. Drew) touched on one of them—set-aside and how we recapture the benefits of a scheme that was not designed to have environmental benefits, but did. He also touched on the fragile nature of our marine ecosystems and the sustainability of fish stocks and fisheries that depend on them. We have real challenges to deal with here. Recently in Luxembourg, I introduced the statements from the EU member nations on the first response to the Green Paper on reform of the common fisheries policy. I made it clear that the UK is committed to leading from the front and to taking a radical approach to the CFP and its fundamental pillars. We need to move forward in our own marine environment, across the EU and internationally, and to make difficult decisions on balancing livelihoods both on the seas and in areas that have fragile habitats.

I agreed with my hon. Friend when he talked about the need to do more on the ground. That is where we need to see the evidence, not least in the UK. Moreover, we need to consider what we do about set-aside, which is currently up for a 12-week consultation in which a couple of models have been advocated. One is based on the cross-compliance mandatory model, which gives certainty, but lacks the advantage of bringing people with it. The other is the voluntary one, on which the National Farmers Union and the Country Land and Business Association are working with support from my officials. When considering the two models, both the Secretary of State and I have said that we need a high degree of certainty that, having lost set-aside some years ago, we can deliver what has been lost. We must also consider what we will do if we cannot. I am interested to hear the response to that. Everybody recognises that the set-aside initiative, which was not set up to deliver biodiversity benefits, did deliver biodiversity benefits. If we can agree that we need a high degree of certainty about how to regain those, then I welcome the comments of my hon. Friend.

Marine conservation zones were also mentioned. Working with stakeholders—fisheries, dredgermen, energy companies and green NGOs such as the Finding Sanctuary project in the south-west—is the right way forward. We are trying to introduce proposals, confront the evidence and make decisions together. However, we cannot distance ourselves from our obligations under Natura 2000 and the habitats directive. We will have to make some tough decisions and tough calls and get them right. We will then need to work with communities and businesses and all stakeholders to implement our decisions. There is a whole heap of things to deal with, including nitrate protection zones and the water framework directive. I welcomed what the hon. Member for Newbury said about doing much more on the ground, here in the UK and internationally. Collectively, the House and Ministers will have to make some decisions on how to improve our biodiversity.

My right hon. Friend the Member for Scunthorpe (Mr. Morley) mentioned the principle of compensatory conservation, which means offsetting unavoidable harm to biodiversity. The principle is already in legislation and policy: the EC habitats, birds and environmental liability directives require biodiversity offset in certain circumstances; section 31 of the Wildlife and Countryside Act 1981 also contains provisions in that regard; and planning policy statement 9 on biodiversity and geological conservation supports biodiversity offsets. PPS 9 states:

"Where a planning decision would result in significant harm to biodiversity…interests which cannot be prevented,"—

that is the important thing—

"adequately mitigated against…or compensated for, then planning permission should be refused."

We would then look at the offset. There is scope for offset, but it is not a substitute for the other measures I talked about. As in the oft-repeated remark, if one has only a hammer in the tool box, everything looks like a nail. We need more tools if we are to drive forward positively.

The consultation on set-aside, which I mentioned, was launched on 4 March 2009, and I encourage hon. Members to contribute to it. We need to ensure a high degree of certainty when it comes to recovering some of the benefits that we have undoubtedly lost, not least in farmland birds, as my right hon. Friend said.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead) made a very good contribution to the debate and I recognise his and other hon. Members' long-term commitment. He is right, as a number of hon. Members have said, that the Darwin initiative is an unheralded success story. For a little bit of effort and expertise, and some resources, and by working in partnerships on the ground, we can deliver not only enormous local benefits, but have a significant impact on biodiversity targets, not least in the overseas territories. My hon. Friend was right that Darwin predicted the effects of habitat and environmental depletion on flora and fauna. It is right and appropriate that we celebrate the fact that the initiative that bears his name helps to mitigate some of those impacts. My hon. Friend also drew attention to CITES and the convention on migratory species, which are encompassed by the Darwin initiative.

On marine conservation zones, to which a few hon. Members have referred, I am looking forward to the introduction of the Marine and Coastal Access Bill, to debating it on the Floor of the House and in Committee and to going through the details. I am absolutely committed to delivering an ecologically coherent network of marine conservation zones. I want the zones to mean something and for them to be well worked out so as to bring people along, and for that to happen in good time. As hon. Members have said, I want them to be properly devised, managed and resourced.

I also want to consider compatible uses, as my right hon. Friend the Member for Scunthorpe has said. The debate on wind farm development is interesting. At one time, NGOs were wholly opposed, but now, many NGOs, including those that once opposed them, are looking at their potential for reef and habitat development and so on. I went to Reading this morning to launch the

second of three workshops on the marine science strategy, to which I will return in a moment. Indeed, the evidence from marine science will allow us to make good decisions, rather than making "get reaction" decisions, including on compatible uses. As the Bill progresses, it is right that we enhance the existing expertise in marine science, of which there is a great deal.

I have made clear in today's announcements our continuing commitment to the long-term funding and sustainability of the Darwin initiative. It would be churlish not applaud the fact that the initiative was set up under a different Government some years ago. We have built on it year after year and, under the stewardship of my right hon. Friend the Member for Scunthorpe and other Ministers, augmented what we have done and built the budget. Also, cleverly and intelligently, thanks to those people who select and propose Darwin projects, we have ensured that the money goes a long way.

The hon. Member for Oxford, West and Abingdon (Dr. Harris) was a fine substitute today in his Front-Bench role and brought an interesting perspective on science and research, of which he has great knowledge. He commented on my constituency's biodiversity. Ogmore is a former coal mining constituency and, curiously, it is the southernmost habitat in the UK for several semi-Arctic tundra species. I can stand at the top of the Bwich mountain looking down at the splendour of the landscape, knowing that there are fragile species not only in SSSIs, but in places such as my constituency; all hon. Members can give similar examples. That awareness helps us to connect the local to the national and international.

The hon. Gentleman talked asked about the publication of operational research. The research that comes out of the Darwin projects is made available and published—reporting is a condition. All reports are published on the Darwin website. Depending on their nature of the reports, not all appear in peer review publications, but I am pleased to say that they are all made public.

The hon. Gentleman will be interested in the marine science strategy. I chair the ministerial group on marine science and champion it in government. I urge him to put his thoughts into the strategy, which will underpin much of our work on the marine environment. The strategy will not replicate what we have been doing: it will recognise what is good, but it will also identify the gaps and develop the synchronicities between various organisations that have a good science and research base. It will point the way forward on what else we need to know about the UK and international marine environment. With his background, I am sure he will want to contribute to the strategy as it progresses.

Dr. Harris: The Minister is aware that this is a big subject. Indeed, the former Science and Technology Committee, which left no scientific stone unturned, conducted an inquiry on investigating the oceans, which was debated in Westminster Hall. The Chairman of that Committee, my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis), is keen to ensure that the Government follow up the report's recommendations.

Huw Irranca-Davies: That is very helpful. Many of the suggestions in that Science and Technology Committee report are being taken forward in the strategy. The strategy will not replicate or prevaricate—it will propose what we need to do to improve marine science, and it will be well thought out.

I welcome what the hon. Gentleman has said about GM. There is a wide variety of views on GM, both in this House and in other UK Administrations, but it is absolutely right that we have balanced, evidence-based discussions on the benefits or otherwise. What can we see from the GM testing that has been done? What does it prove? I do not think that either side has entered the debate with a closed mind, but we should make decisions based on the available evidence. That must be a common theme of our consideration of environmental matters, including the potential impacts of GM on neighbouring fields, crops and so on.

A lot of good work is being done on GM, including by the Royal Society, which will report later this year. That will help us to debate the issue in a cool-headed way as well as to consider whether it has domestic or international potential. I welcome the balance in the hon. Gentleman's comments on GM, as it can often be an emotional issue.

The hon. Gentleman raised a query about the Budget statement. That falls slightly outside my area, so if he is happy for me to do so, I will take the point back to my right hon. Friend the Minister of State, Department for Environment, Food and Rural Affairs and ask her to write to him.

The interdepartmental group on biodiversity is important, not least in respect of the overseas territories. I am pleased to say that it will meet on 11 May to discuss Her Majesty's Government's strategy for biodiversity conservation in overseas territories, with which the Joint Nature Conservation Committee and others have been helping. The Foreign and Commonwealth Office, the Department for International Development, the JNCC and others will be there, which is good. We need something to get our teeth into, and the report will help. I look forward to reporting back.

The hon. Gentleman is right to say that the Government are now fully seized of the importance of bees. Bees are generally important in terms of biodiversity, and scores of beekeepers are lining up here to lobby us, quite rightly, on issues that are important to them as well as to society more widely.

I apologise, Mrs. Anderson, because I tend to respond extensively, so I will try to get through my comments quickly. The hon. Gentleman asked whether a country's performance is a deciding factor in future Darwin grants. As I am sure that he knows, Darwin grants are made to project leaders, and developing or host country Governments are not directly involved. That is interesting, because it allows innovative projects that produce research and that involve groups on the ground doing the work rather than the Government. The benefits of the work being done on the ground have consistently shown me that that is the right approach. All projects are subject to monitoring and evaluation, and the results feed into consideration for future project proposals for specific leaders or, sometimes, for specific countries. Does Darwin have a direct contribution to the 2010 target? Not as such. There is no direct link, but we will be preparing a thematic study on its contribution to the 2010 target towards the end of this year.

[Huw Irranca-Davies]

My right hon. Friend the Member for Scunthorpe made an excellent contribution. I acknowledge his wide-ranging work on the issue and his continuing work with the Born Free foundation, the British Trust for Ornithology, Globe International and other organisations. He and I have shared a privileged role in such overseas initiatives. It is a genuine privilege; it leaves a mark, and it is something to be proud of. I note the comments made in this debate about the events happening on the Floor of the House, but it is fair to say that we have important business here in discussing the initiative and wider biodiversity issues.

My right hon. Friend noted that the budget had grown, but he remarked on the fact that it was brought forward. There has been shared support for the initiative in this debate, and we all hope that that shared commitment will continue and grow where it can. We are in difficult economic times, at least for the Government, but the commitment that I have demonstrated here shows our direction of travel.

My right hon. Friend's personal observations on Darwin projects on biodiversity and livelihoods on the ground were instructive, not least because I now know how to keep elephants out of my garden. He is right to flag up the fact that the Darwin initiative, as I said in my opening remarks, not only yields environmental gains, but results in wider social and economic gains and improves people's livelihoods, which, through line or thread, must run through much of Government policy overseas.

To update hon. Members on the overseas territories, it is worth pointing out that although environmental management is a matter for the overseas territories, we recognise that they have capacity constraints and often need assistance. Since last autumn, we have committed a further £200,000 to biodiversity in overseas territories to fund baseline surveys and other research and support conservation projects. That is on top of the flagship species fund of £50,000, the more than £200,000 in support for the agreement on the conservation of albatrosses and petrels and the added priority that we are giving the overseas territories through the Darwin initiative.

Since Darwin began in 1992, nearly £200 million has been awarded to biodiversity projects in overseas territories, and we are looking to do more. I am aware of the support among stakeholders for doing more in the overseas territories and of the significant biodiversity gains to be made there.

My right hon. Friend referred to the work of Pavan Sukhdev to put a value on environmental goods and services. When I was a lecturer a long time ago, we talked about such things. We started from the blueprint of growth and worked through how to measure environmental goods economically and whether we even needed to do so. The reality is that we must factor in the gains and benefits, as well as the losses, if we lose more habitat. Pavan Sukhdev's work is innovative, exciting and groundbreaking, and the work of Globe International complements it well.

My right hon. Friend spoke about the effects of biodiversity enrichment on a local level in his constituency. Biodiversity enrichment includes managed realignment, a controversial but interesting area of my portfolio, because of the gains that it can bring on all fronts. In his constituency, it has brought wins right across the board, which is excellent to hear.

My right hon. Friend mentioned many things. I can give him an assurance on ivory. As he knows, along with our international partners, we sanctioned the one-off sale of ivory to China, which caused some controversy. However, we will monitor carefully what is happening through the monitoring of the illegal killing of elephants programme and other initiatives, in order to see what impact that sanction has had. We certainly do not envisage sanctioning anything like that again—we see it as a one-off—and we will monitor it carefully as it goes forward.

My hon. Friend the Member for Stroud made a good contribution; he undersold himself as he rose to his feet. He rightly described the Darwin initiative as one of DEFRA's and this Government's best-kept secrets. It is, and we can do more. He said that we should produce an annual report. We do, and it goes straight to DEFRA's website—it is there for everybody to see—but we could probably do a little more to circulate it to Committees, hon. Members and others. I will speak with my team after I leave this debate to see how we can publicise it more. The initiative is a success story, but we need to use it as an indicator for how we work across a range of areas to benefit biodiversity.

Mr. Morley: The Darwin annual report is excellent and deserves more circulation. Will my hon. Friend consider sending an e-mail to all Members of both Houses with a link to the Darwin website, because the report deserves more circulation?

Huw Irranca-Davies: That is a very good suggestion. On the back of the debate, I will do that. We ought to do it each year, as a matter of course. My right hon. Friend is absolutely right. For the benefit of busy MPs and busy peers in the other place, we can front-end it with a summary of what is being achieved and why they should pay attention to it.

Mr. Morley: And a nice picture.

Huw Irranca-Davies: Indeed. I agree with my right hon. Friend. The report is excellent and very readable.

My hon. Friend the Member for Stroud mentioned the excellence of the science base in this country, and he is absolutely right. I will be at Kew next week celebrating the "Year of Darwin" alongside Her Majesty—I promise that I will be in my best bib and tucker. Others from throughout the United Kingdom who contribute to our science base will be there, too.

I apologise if I have gone on for some time and hope that I have dealt with most of the issues. The Darwin initiative makes a huge contribution to conservation work internationally. It supports people's livelihoods, the sustainable use of natural resources and poverty reduction. Like Darwin himself, the Darwin initiative has greatly enhanced scientific knowledge. A number of new species have been discovered as a direct result of projects, such as the three corals in the Galapagos Islands and the new species of orchid in Costa Rica.

Darwin projects also leave a clear and lasting legacy, as Darwin did. I often hear it mentioned that, to date, training provided under the Darwin initiative has reached

more than 50,000 people. That figure alone is confirmation of the importance of the programme and why it is so successful. Many Darwin projects are at the cutting edge of thinking in conservation science, increasingly exploring emerging issues such as climate change. As I mentioned earlier, the links between conservation, livelihood and poverty-reduction projects have involved working with local communities and helping them to develop local organisation and policies that strengthen their rights and responsibilities for the protection and management of natural resources. The funding that I announced today will help to continue building on those achievements.

Closer to home, we have made good progress, but we need to do more. We have made good progress in our priority areas and towards our biodiversity targets. We expect to meet our target to have 95 per cent. of the area of SSSIs in favourable or recovering condition by 2010. Through the UK biodiversity action plan, we have shown that we can be successful when we target resources at particular species and habitats. For example, the number of stone curlew nesting pairs increased to 351 in 2008, exceeding the target for 2015. More than 2,000 hectares of lowland heathland, one of the UK's most threatened habitats, have been re-established. Environmental stewardship schemes to date have achieved 37,000 km of grass margins, which help to prevent the pollution of water and protect hedgerows from agricultural activities, 30,000 km of restored and newly planted hedgerows and 125,000 km of hedgerows under environmentally friendly management, providing nesting sites and food sources for birds and other wildlife.

But are we on course to meet the targets for halting biodiversity loss? The formal assessment of whether global and EU targets to reduce and halt the loss of biodiversity have been met will be in 2010. All countries, including the UK, have been preparing their reports for the convention on biological diversity, which meets in its 10th conference of the parties next year, setting out the actions and progress made. The UK biodiversity indicators that we published at the beginning of the month provide an overview of progress. As I said at the start of the debate, although there are some exceptions, the overall picture is that the rapid declines in UK biodiversity during the last years of the 20th century have substantially slowed and, in some cases, halted. Our report to the CBD will show that we are unlikely to meet the target to halt biodiversity loss in its entirety, but that we are on course to meet it in some areas and to exceed it through reversing trends in others. It is clear that further progress is essential, and we are committed to taking action to achieve that.

As has been mentioned, we also need to safeguard the marine environment. I focused today mainly on land-based biodiversity, but the same principles and ambitions apply to our seas. We are committed to an ecologically coherent network of protected areas in our seas by 2012. The Marine and Coastal Access Bill, so well supported here today by hon. Members' comments, combined with European legislation, will provide the systems and tools to do just that. One of the network's purposes will be to protect areas that harbour rare and threatened species, or that are biodiversity hotspots.

Finally, we have to continue to play our role internationally through the Darwin initiative and our work on major biodiversity conventions. The next Darwin funding round will be announced this summer. It will continue to enhance our contribution to biodiversity work in countries where it is most needed and where the available resources are insufficient to address the issues involved. We must then secure international agreement on a successor to the 2010 biodiversity target. The existing target has galvanised action by Governments and non-governmental organisations the world round to tackle the most urgent problems, but now we cannot afford to lose that momentum, and we must redouble our efforts to achieve a halt in biodiversity loss.

I thank hon. Members for a worthwhile debate and for some well-informed contributions. I look forward to continuing this sort of debate in the months and years to come and to report on whether we are achieving, both domestically and internationally, our targets on biodiversity, not least through the Darwin initiative.

Question put and agreed to.

4.36 pm

Sitting adjourned.